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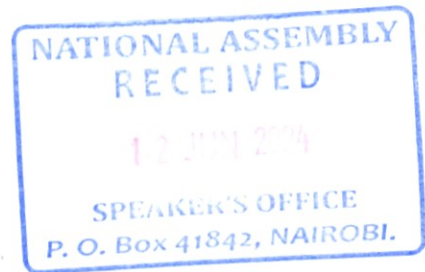
**THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – THIRD SESSION – 2024**

DEPARTMENTAL COMMITTEE ON HEALTH

REPORT ON:

THE INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENTS OF MEDICAL CLAIMS AND CAPITATION TO HEALTH FACILITIES BY THE NATIONAL HEALTH INSURANCE FUND

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	12 JUN 2024 <i>Wednesday</i>
TABLED BY:	<i>Chair - DC - Health Hon. (Dr.) Robert Pukosa, MP</i>
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PARLIAMENT BUILDINGS
NAIROBI
JUNE 2024**

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LIST OF ABBREVIATIONS AND ACRONYMS

BETA	Bottom-Up Economic Transformation Agenda
CEO	Chief Executive Officer
FY	Financial Year
HCPs	Healthcare providers
KEMSA	Kenya Medical Supplies Agency
KEPH	Kenya Essential Package for Health
MP	Member of Parliament
KMPDC	Kenya Medical Practitioners and Dentist Council
NHIF	National Health Insurance Fund
NTV	Nation Television
QA	Quality Assurance
UHC	Universal Health Coverage
PPM	Provider Payment Mechanism
FFFS	Fixed Fee for Service

CHAIRPERSON'S FOREWORD

This Report contains proceedings of the Departmental Committee on Health on its consideration of the inquiry into the alleged fraudulent payments of medical claims and capitation to health facilities by the National Health Insurance Fund (NHIF).

On 19th June 2023, Nation Television (NTV) ran an investigative expose titled "NHIF Heist: Rogue Hospitals Exposed, We Steal God Heals" which highlighted that NHIF had paid large sums of money to eight (8) health facilities that had deceived some patients and utilised their NHIF cover to lodge fictitious claims. The elderly patients were convinced, using various deceitful tactics, to travel to these health facilities on the pretence that they would receive free medical services, however when the patients were discharged, NHIF later paid inflated costs for the treatment received at these health facilities. NTV revealed that these health facilities were paid approximately Ksh1.54 billion by the NHIF for a total of 30,111 claims made between 1st July 2022 and 9th June 2023.

This media expose happened a few weeks after another outcry by Kenyans that NHIF beneficiaries were being turned away by healthcare providers due to unpaid capitations and claims. Having noted the concerns raised by the public, the Committee invited the Principal Secretary, State Department for Medical Services, the Chairperson of the NHIF Board and the Acting CEO of the NHIF to provide answers on the issues on Tuesday, 27th June 2023. At the meeting, the Committee observed that the issues were grave and required extensive interrogation. The Committee, therefore, resolved to conduct a public inquiry into these concerns and make recommendations to the House.

The Committee developed terms of reference which enabled it to obtain evidence from the Ministry of Health, the NHIF Board and management, selected health facilities, and other key witnesses. The Committee also sampled several facilities (facilities that had been paid the highest amount of money for claims in FY 2022/2023 and FY 2023/2024) and conducted physical inspection visits to ascertain that the claims made matched the workload in the respective health facilities. This Report is therefore a culmination of the Committee inquiry and the Committee recommends that the House adopts the Report.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for logistical and technical support accorded to it during its sittings. I wish to express my appreciation to the Honourable Members of the Committee for their hard work and commitment to this Inquiry although it was conducted during a season when the Committee was preoccupied with several Bills and legislative proposals among other oversight duties. I also commend the Committee Secretariat for the technical support and assistance accorded to the Committee during the conduct of this Inquiry.

On behalf of the Departmental Committee on Health and pursuant to provisions of Standing Order 199(6), it is my pleasant privilege and honour to submit this Report to the House for its consideration and adoption.

Hon. (Dr) Robert Pukose, CBS, M.P.
Chairperson, Departmental Committee on Health

EXECUTIVE SUMMARY

The Departmental Committee on Health resolved to conduct a public inquiry into the operations of the National Health Insurance Fund (NHIF) after a media expose revealed that some health facilities had been paid approximately Ksh1.54 billion for a total of 30,111 claims made fraudulently between 1st July 2022 and 9th June 2023.

The Committee adopted five Terms of References (TORs) that included the establishment of whether there was corruption, fraud and other malpractices in the payment of claims to health facilities by NHIF; establishing the financial status of NHIF; assessing the efficiency and effectiveness of NHIF's Quality Assurance mechanisms; determining the efficiency and effectiveness of NHIF's Human Resource Management and evaluating the efficiency and effectiveness in empanelment of service providers by NHIF.

During the Inquiry, the Committee undertook several activities to address its TORs, including making a call for submission of written memoranda and oral submissions; conducting desktop research; reviewing and analysing submissions made on the Inquiry; inviting witnesses and key stakeholders to make oral submissions under oath; holding meetings with the relevant national government agencies and institutions and undertaking physical inspection visits to implicated facilities. Pursuant to Article 125 of the Constitution, the Committee received evidence and information from 32 witnesses on diverse dates between 25th July 2023 to 15th February 2024.

Acting NHIF CEO Dr Samson Kuhora submitted a list of sixty-seven (67) facilities with identified fraudulent claims and payments. Some of the fraudulent claims were identified before payment and hence were rejected. Some were discovered after the payments were already made and NHIF had initiated recovery of the monies. Dr Kuhora submitted that fraud and corruption had regrettably infiltrated the healthcare sector, posing significant challenges to the achievement of NHIF's mission of providing equitable healthcare access. An impact assessment study presented to the NHIF Board in 2020 estimated NHIF medical fraud risk to be 29.3 per cent.

The risk of fraud was higher in the enhanced schemes, such as *Edu Afya*, as proven by the high number of reported fraud cases by service providers under investigation. Services in this scheme were mostly offered by Level 2 facilities, most of them lacking the infrastructure for biometrics.

For the contract year 2021 to 2024, NHIF had contracted and enrolled 8,886 Healthcare Providers (HCPs). The government HCPs formed a majority at 6,006 while private were 2, 579 and faith-based ones were 301.

During the period under review, NHIF had approximately 15.7 million cumulative members of which 7.2 million were the principal contributors. The total enrolment membership as of 30th June 2023 was 16,210,351 out of which 7,106,911 were active members which constituted 44 per cent. As of 8th August 2023, 5.9 million members had been biometrically enrolled.

From the financial statements for the years 2019-2020, 2020-2021, and 2021-2022, the Committee noted that while premium contributions have increased three-fold, benefit pay-outs have increased five-fold over the same period, meaning that growth in benefit pay-outs had outpaced growth in premium contributions for NHIF. It was also observed that the Fund had liquidated some of its short-term investments without reinvestment. Short-term investments had also reduced from Ksh13, 388,971,803 as of 30th June 2022 to Ksh8, 232,200,000 as of 30th June 2023 implying NHIF's financial sustainability would have been compromised.

The Quality Assurance officers had identified fraud in 42 HCPs who had been suspended in the period 2021-2024. Twelve (12) of the suspended HCPs had *Edu Afya* Scheme services suspended, 30 HCPs had all services suspended and Ksh208, 536,471 was recommended for recovery.

The Committee observed the possibility of fraud and corruption occasioned by the collusion of NHIF staff, HCPs and in some instances, beneficiaries. For example, in Beirut and Amal, beneficiaries were paid between Ksh7000 and Ksh10, 000 for biometric registration at the hospitals. Another instance of fraud was by HCPs claiming from NHIF the cost of original molecules yet in most cases they dispensed generic molecules.

The Committee visited the implicated facilities and ascertained that while some were genuinely operating and met all the requirements for the levels granted, others like Joy Nursing and Maternity Eastleigh, Beirut Pharmacy and Medical Centre and Amal Hospital Limited, all in Eastleigh, did not meet the requirements for the levels granted.

The Committee observed that NHIF did not have sufficient competent Quality Assurance Officers, yet the division was key in the surveillance, monitoring and evaluation of facilities and payment of claims. The Claims Managers, the Branch Managers and the Quality Assurance Officers at NHIF branch offices were the first-line abettors of crime including colluding with health facilities to defraud the Fund through fictitious, exaggerated and fraudulent claims.

The Committee recommends that the Auditor-General do undertake a special audit of NHIF on their utilisation of funds disbursed towards payment of claims for the contracted health facilities in the financial years 2019/2020 to 2022/23; that the DCI and the EACC conducts investigations on NHIF staff, HCPs and Edu Afya auditors mentioned in the Report.

The National Health Insurer, in the conduct of its suitability assessment of the staff of the NHIF, should consider the observations and recommendations of this Report on internal audit, preauthorisation and claims management division as well as the report of the EACC and DCI on the involvement of the staff of the NHIF in fraudulent activities.

Within six months, the Auditor-General do undertake a special audit of the NHIF on the utilisation of funds disbursed towards payment of claims for the contracted health facilities in the financial year 2019/2020 to 2022/23.

The National Health Insurer should at all times ensure that all payments made are duly supported by requisite documents and adhere to the Public Procurement and Asset Disposal Act, Cap. 412 C and the attendant regulations

PREFACE

1.1 ESTABLISHMENT OF THE COMMITTEE

1. Article 124 of the Constitution of Kenya provides for the establishment of Committees by Parliament. The Departmental Committee on Health is established pursuant to the provisions of Standing Order 216 of the National Assembly Standing Orders and in line with Article 124 of the Constitution.

1.2 FUNCTIONS OF THE COMMITTEE

2. Standing Order 216 (5) of the National Assembly Standing Orders provides that the functions of a Departmental Committee include:
 - a) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - b) *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - ba) *on a quarterly basis, to monitor and report on the implementation of the national budget in respect of its mandate.*
 - c) *To study and review all legislation referred to it;*
 - d) *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - e) *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - f) *Vet and report on all appointments where the Constitution or any other law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments).*
 - g) *To examine treaties, agreements and conventions;*
 - h) *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
 - i) *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - j) *To examine any questions raised by Members on a matter within its mandate.*

1.2.1 Committee Mandate and Oversight Institutions

3. In accordance with the Second Schedule of the National Assembly Standing Orders, the Committee is mandated to consider matters related to health, medical care and health insurance including Universal Health Coverage (UHC).
4. In executing its mandate, the Departmental Committee on Health oversees the State Departments in the Ministry of Health as delineated in Executive Order No. 1 of 2023 namely:
 - a) The State Department for Medical Services; and
 - b) The State Department for Public Health and Professional Standards.

5. Accordingly, in terms of oversight, the Committee focuses on the Ministry of Health, its two State Departments and the Semi-Autonomous Government Agencies (SAGAs) falling under the purview of the two State Departments.

The State Department for Medical Services	The State Department for Public Health and Professional Standards
i. National Health Insurance Fund (NHIF)	i. Kenya Medical Training College (KMTC)
ii. Kenya Medical Research Institute (KEMRI)	ii. Kenya Nuclear Regulatory Authority (KENRA)
iii. Kenya Medical Supplies Authority (KEMSA)	iii. Kenya Medical Practitioners and Dentist Council (KMPDC)
iv. Kenya Biovax Institute Limited	iv. The Nursing Council of Kenya (NCK)
v. Kenyatta National Hospital	v. Kenya National Public Health Institute (NPHI)
vi. Moi Teaching and Referral Hospital	vi. Kenya Health Professionals Oversight Authority (KHPOA)
vii. Kenyatta University Teaching, Referral and Research Hospital	vii. Kenya Health Human Resource Advisory Council (KHHAC)
viii. Mathari National Teaching and Referral Mental Hospital	viii. Tobacco Control Board (TCB)
ix. Spinal Injury Hospital	ix. National Quality Control Laboratories (NQCL)
x. The National Cancer Institute of Kenya	x. Institute of Primate Research (IPR)
xi. Kenya Tissue and Transplant Authority	
xii. National Syndemic Diseases Control Council	

1.3 COMMITTEE MEMBERSHIP

6. The Departmental Committee on Health was constituted by the House on 27th October 2022 and comprises of the following Members:

Chairperson

Hon. (Dr) Robert Pukose, CBS, MP
Endebess Constituency
UDA Party

Vice-Chairperson

Hon. Ntwiga, Patrick Munene, MP
Chuka/Igambang'ombe Constituency
UDA Party

Members

Hon. Owino Martin Peters, MP
Ndhiwa Constituency
ODM Party

Hon. Muge Cynthia Jepkosgei, MP
Nandi (CWR)
UDA Party

Hon. Wanyonyi Martin Pepela, MP
Webuye East Constituency
FORD Kenya Party

Hon. Kipng'ok Reuben Kiborek, MP
Mogotio Constituency
UDA Party

Hon. (Dr) Nyikal James Wambura, MP
Seme Constituency
ODM Party

Hon. Kibagendi Antoney, MP
Kitutu Chache South Constituency
ODM Party

Hon. (Amb.) Julius Ole Sunkuli Lekakeny,
EGH, EBS, MP
Kilgoris Constituency,
KANU Party

Hon. Maingi Mary, MP
Mwea Constituency
UDA Party

Hon. Mathenge Duncan Maina, MP
Nyeri Town Constituency
UDA Party

Hon. Lenguris Pauline, MP
Samburu (CWR)
UDA Party

Hon. Oron Joshua Odongo, MP
Kisumu Central Constituency
ODM Party

Hon. (Prof.) Jaldesa Guyo Waqo, MP
Moyale Constituency
UPIA Party

Hon. Mukhwana Titus Khamala, MP
Lurambi Constituency
ODM

Party

1.4 COMMITTEE SECRETARIAT

7. The Committee is supported by the following secretariat:

Mr Hassan Abdullahi Arale
Clerk Assistant I/Head of Secretariat

Ms Gladys Jepkoech Kiprotich
Clerk Assistant III

Ms Abigael Muinde
Research Officer III

Ms Faith Chepkemoi
Legal Counsel II

Mr Hiram Kimuhu
Fiscal Analyst III

Mr Hillary Mageka
Media Relations Officer

Mr Sheila Chebotibin
Senior Serjeant-at-Arms

Ms Rahab Chepkilim
Audio Recording Officer II

Mr Eric Lungai
Hansard Reporter III

Ms Angela Jepkemboi Cheror
Public Communications Officer

CHAPTER ONE

1.1 INTRODUCTION AND BACKGROUND

8. The Constitution of Kenya, in Chapter Four on the Bill of Rights, and in particular, in Article 43 provides for socio-economic rights which gives citizens the right to the highest attainable standards of healthcare (Article 43(1) (a)).
9. The Departmental Committee on Health is under Standing Order 216(5) of the National Assembly Standing Orders mandated to among other things “investigate, inquire into and report all matters relating to the mandate, management, activities, administration, operation and estimates of the assigned ministries and departments”.
10. The National Health Insurance Fund (NHIF) was established with the noble aim of providing affordable healthcare for all Kenyans. It was a key driver and enabler for the realisation of Universal Health Coverage in the country.
11. Currently, limited progress has been made in attaining this goal. According to the Tracking Universal Health Coverage Report 2023, Global Monitoring Report in 2015, Kenya’s UHC Service Coverage Index (SCI) was 53 as compared to the global average index of 65 (the 2030 target is 100). In the same year, 5.2% of the Kenyan population incurred catastrophic health expenditure (at 10% of household total consumption or income) leading to 1.3% of the population being pushed into poverty by out-of-pocket health spending (in 2017 Proportion of the Population Pushed below US\$2.15 a day poverty line) and 14.7% further pushed into poverty.
12. In recent months however, several issues arose about the integrity, accountability and transparency of the National Health Insurance Fund owing to the alleged collusion with health facilities for the payment of fraudulent and fictitious claims, delayed payment of capitations to health facilities, refusal of health facilities to offer services to NHIF cardholders and the cancellation of the recruitment of the Chief Executive Officer (CEO) and the senior management staff.
13. In light of the foregoing and the Committee’s mandate, during its sitting held on Tuesday, 27th June 2023 resolved to hold an Inquiry into the matter.

1.2 BACKGROUND

14. On 19th June 2023, NTV ran an investigative expose titled “NHIF Heist: Rogue Hospitals Exposed, We Steal God Heals, which highlighted that NHIF had paid large sums of money to eight (8) health facilities that had deceived some patients and utilised their NHIF cover to lodge claims. The elderly patients were convinced, using various deceitful tactics, to travel to these health facilities on the pretence that they would receive free medical services. However, when the patients were discharged, NHIF later paid inflated costs for the treatment received at these health facilities. NTV revealed that these health facilities were paid approximately Ksh1.54 billion by NHIF for a total of 30,111 claims made between 1st July 2022 and 9th June 2023.
15. Having noted the concerns raised by the public, the Committee invited the Principal Secretary, the State Department for Medical Services, the Chairperson of the NHIF Board and the Acting CEO of the NHIF to address the aforementioned issues on Tuesday, 27th June 2023. At the meeting, the Committee observed that these issues were grave and required extensive interrogation. The Committee therefore resolved to conduct a public inquiry into these issues and make appropriate recommendations to the House.

1.3 OVERSIGHT ROLE OF THE DEPARTMENTAL COMMITTEE ON HEALTH

16. Article 95 of the Constitution mandates the National Assembly to represent the people, deliberate on issues of concern to the people and exercise oversight over state organs.
17. The Departmental Committee on Health is established pursuant to the provisions of Standing Order 216 of the National Assembly Standing Orders. Under this Standing Order, the Committee is among others mandated to:

“(a)To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments.

“(e)To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;”.

CHAPTER TWO

2.1 Terms of Reference

18. In developing the road map for the Inquiry, the Committee identified its main objectives which guided the development of the Terms of Reference. The Inquiry was intended to:
- a) establish whether there was corruption, fraud and other malpractices in the payment of claims to health facilities by NHIF as alleged in the investigative media reports;
 - b) establish the financial status of the NHIF;
 - c) assess the efficiency and effectiveness of the NHIF Quality Assurance mechanisms;
 - d) determine the efficiency and effectiveness of NHIF's Human Resource Management; and
 - e) evaluate the efficiency and effectiveness in the empanelment of service providers by NHIF.
19. The Terms of Reference above formed the premise upon which the Committee used to address pertinent questions as listed below:
- (a) To establish whether there was fraud and such other malpractices in the payment of claims by NHIF.
 - (i) Were the claims made by the eight health facilities fraudulent?
 - (ii) How did the claims for the eight health facilities from 1st July 2022 to 9th June 2023 compare to the claims paid to these facilities in the previous financial years? Were the claims fictitious and exaggerated in the period in question?
 - (iii) How did the alleged fraud happen?
 - (iv) How were the alleged fraudulent claims paid?
 - (v) Which persons or entities were involved in the making and payment of the fraudulent claims and what was the extent of their involvement?
 - (vi) Did any of the NHIF staff collude with the eight health facilities which led to the payment of fraudulent claims?
 - (vii) Have other incidences of fraud been reported in claims made by other health facilities?
 - (viii) How much had the NHIF paid to private hospitals and public hospitals in the last three financial years?
 - (ix) What criteria did the NHIF use to determine the order of payment of claims received and the amount to be paid to each service provider especially where the payment had been delayed?
 - (x) Were the existing structures and systems of NHIF able to determine the authenticity and veracity of claims made by the empanelled service providers?
 - (xi) What measures had the Ministry of Health and NHIF taken to curb fraud and such other malpractices?
 - (xii) Was there a need for legislative and policy interventions including review of penalties on medical insurance related malpractices to enhance deterrence?
 - b) To establish the financial status of NHIF.
 - (i) What is the status of the funds received from?
 - a. the National Treasury for the various government programmes such as *Linda Mama*, *Edu Afya* etc.;
 - b. contributions from salaried employees;
 - c. county governments; and
 - d. Voluntary contributors?

- (ii) How did NHIF utilise its funds for the financial years 2021/2022 to 2022/2023 in relation to the payment of claims, rebates, capitations, procurements, personnel emoluments, operation and maintenance costs?
 - (iii) What was the feasibility of the various NHIF packages?
 - (iv) How much did NHIF owe health facilities in terms of rebates and capitations?
 - (v) What was the NHIF Reserve Policy, if any, and how much did NHIF have in its financial reserves?
 - (vi) How would NHIF and the Ministry of Health ensure that capitations and claims are paid on time so that NHIF cardholders were not denied services by the empanelled service providers?
 - (vii) Which investments had been made by NHIF and how were these investments performing?
- c) To assess the efficiency and effectiveness of the NHIF Quality Assurance mechanisms.
- (i) What Quality Assurance mechanisms had NHIF adopted?
 - (ii) What was the role of NHIF Branch Managers in ensuring the quality of services in NHIF-accredited facilities and establishing the veracity of claims made by health facilities?
 - (iii) Were NHIF Branch Offices adequately equipped for effective review of claims, supervision, monitoring and evaluation of health facilities within their purview? How did the Head Office relate with the Branch Offices in such review and evaluation?
 - (iv) How effective were NHIF guidelines and policies in curbing medical insurance-related malpractices?
- (d) To evaluate the Human Resource Management in NHIF.
- (i) What had informed the cancellation of the previous recruitment of the CEO and senior management of NHIF?
 - (ii) How would the NHIF Board ensure that the new recruitment exercise was competitive and transparent?
 - (iii) What had informed the appointment of the former Head of Claims as acting CEO?
 - (iv) Were there any reported cases of payment of fraudulent claims when the acting CEO was the Head of Claims?
 - (v) What were the staff disciplinary measures under the NHIF Human resource policy and guidelines? Did they provide for demotion and suspension of staff?
- (e) To evaluate the efficiency and effectiveness in the empanelment of service providers by NHIF.
- (i) Were all the NHIF-accredited hospitals adequately equipped to offer the contracted services?
 - (ii) What criteria did NHIF use to accredit facilities, especially private facilities?
 - (iii) Did NHIF check that the empanelled health facilities had capacity to offer the contracted services?
 - (iv) Did NHIF cardholders prefer private hospitals to public hospitals and why?
 - (v) Did NHIF consult the relevant regulatory bodies and professional associations during the accreditation of facilities to confirm whether the service providers are in good standing?

2.2. METHODOLOGY

- 20 Article 118(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in legislative and other business of the National Assembly and its Committees
21. In undertaking the Inquiry, the Committee undertook several activities to address its TORs. The Committee.
 - (i) Made a call for submission of written memoranda and oral submissions on the Inquiry through the local dailies on 8th July 2023;
 - (ii) Conducted desktop research;
 - (iii) Reviewed and analysed submissions made on the Inquiry,
 - (iv) Invited witnesses and key stakeholders to make oral submissions under oath to the Committee;
 - (v) Held meetings with the relevant national government agencies and institutions, and
 - (vi) Undertook physical inspection visits

CHAPTER THREE

3.1 POLICY, LEGAL AND INSTITUTIONAL FRAMEWORK

3.1 THE CONSTITUTION

3.1.1 Right to Health

22. The Constitution provides the overarching legal framework that ensures a comprehensive rights-based approach to health services delivery. It sets out the general rights and duties that a public body is expected to adhere to and the values of equity, social justice, equality, inclusiveness and public participation.
23. More specific rights and duties are enshrined in the Bill of Rights under Chapter Four of the Constitution. Article 43(1) in particular provides that every person has a right to the highest attainable standard of health which includes reproductive health rights. The Article further states that a person shall not be denied emergency medical treatment and that the State shall provide appropriate social security to persons who are unable to support themselves and their dependents.
24. The Constitution requires the State and every State organ to observe, respect, protect, promote, and fulfil the rights in the Constitution and to take “legislative, policy and other measures, including setting of standards to achieve progressive realisation of the rights guaranteed in Article 43. These measures include addressing the needs of vulnerable groups within society and the international obligations regarding those rights. Article 20 (5) (b) requires that in allocating resources, the State will give priority to ensuring the widest possible enjoyment of the right or fundamental freedom having regard to prevailing circumstances, including the vulnerability of groups or individuals amongst other rights.
25. These vulnerabilities are addressed in the Constitution which pays special attention to the health of children, minorities, marginalised groups and older persons. As such, barriers to healthcare services of whatever kind should not hinder access and the government is duty-bound to remove such barriers so that health rights are genuinely met. It is to fulfil these constitutional obligations that the government enacted the Health Act, Cap. 241, the repealed National Health Insurance Fund Act, 1998 and more recently the Social Health Insurance Act, No. 16 of 2023.

3.1.2 Public Finance

26. The Constitution in Chapter Twelve deals with matters of public finance. Article 201 sets out the principles of public finance which include:
 - (i) openness and accountability, including public participation in financial matters (Article 201(a)); and
 - (ii) use of public money in a prudent and responsible way (Article 201(d)).
27. Article 226 deals with the accounts and audit of public entities and provides that:

- (i) the accounting officer of a national public entity is accountable to the National Assembly for its financial management (Article 226(2)); and
- (ii) the holder of a public office, including a political office, who directs or approves the use of public funds contrary to law or instructions, is personally liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not (Article 226(5)); and

28 Article 227 deals with the procurement of public goods and services. Article 227 (1) in particular, provides that “when a State organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive, and cost-effective”.

3.2 THE HEALTH ACT, CAP. 241

- 29. The NHIF operates within the health sector as a state corporation under the Ministry of Health. The Health Act is therefore relevant to this regulatory environment with respect to national health insurance.
- 30. The Health Act provides in section 7 that every person has a right to emergency medical care which includes pre-hospital care, stabilisation and arranging for referral of the patient. This impacts the benefits that were paid by the National Health Insurance Fund and the benefits to be paid by the Social Health Authority under the Emergency, Chronic and Critical Illness Fund.
- 31. With respect to health insurance, section 86 of the Health Act requires the government to
 - (i) develop mechanisms for an integrated national health insurance system including making provisions for social health protection and health technology assessment;
 - (ii) develop policies and strategies that ensure the realisation of universal health coverage, and
 - (iii) Define in collaboration with the department responsible for finance, public financing of a healthcare framework including annual allocations towards reimbursing all healthcare providers responding to disasters and emergencies as contemplated under the Health Act.
- 32. The Ministry of Health is also required under section 86 to provide for vulnerable groups and indigents as well as provide a framework for examining means of optimising the usage of private health services. The Ministry has done this through various instruments including the Universal Health Coverage Policy, 2020-2030 which provides, amongst other matters, coverage for indigent Kenyans. This obligation requires contributions from the National and County governments for vulnerable and indigent persons as was provided in the repealed NHIF Act. Provision for the same has been made in the Social Health Insurance Act which states that the government will pay contributions for indigent and vulnerable persons.
- 33. Section 86 of the Health Act also affects the empanelment, contracting and payment of benefits to private healthcare providers. This is the reason why the NHIF Act (now

repealed) provided for, and the Social Health Insurance Act provides for the manner in which healthcare providers and health facilities will be empanelled and contracted.

34. Public healthcare providers are also critical in the provision of healthcare and the Health Act sets out the division of duties between national and county governments with respect to public health facilities. This impacts not only NHIF but also the Social Health Authority which must empanel and contract such public health facilities in line with the regulatory requirements under national and county laws.

3.3 THE NATIONAL HEALTH INSURANCE FUND ACT, 1998

35. The NHIF as a State Corporation was established in 1966 with a core mandate of providing medical insurance coverage to its members and their dependents. Over the years, the original Act of Parliament that set up the Fund has been reviewed severally to accommodate the changing healthcare needs of the Kenyan population and the restructuring in the health sector. The last review happened in 2021 when the NHIF (Amendment) Act was passed in Parliament on 21st December and subsequently assented into law on 10th January 2022. The principal statute that governed the NHIF was therefore National Health Insurance Act (as amended in 2022). The 2022 amendments to the Act:
- (i) gave the Board the mandate, amongst other matters, to facilitate the attainment of UHC with respect to health insurance;
 - (ii) provided for mandatory registration of members;
 - (iii) mandated the NHIF to pay for benefits provided by healthcare to its members and their dependents; and
 - (iv) implemented several reforms including making provision for:
 - a) emergency treatment;
 - b) Risk spreading and protection of the interests of contributors.
 - c) empanelment in consultation with Health Regulatory bodies listed under Section 60 of the Health Act;
 - d) a centralised healthcare provider management system; and
 - e) Non-withdrawal of benefits for persons with chronic illness.
36. The Act further provided for contributions to the Fund by the national government as well as voluntary contributions by the unemployed. The Act also set out how the revocation of empanelment would occur and the consequences of such revocation, for instance, through publication of revocation in at least 2 newspapers of nationwide circulation.
37. Other areas of the Fund's operations that were covered by the Act included:
- (i) the employees and officers of the Fund;
 - (ii) the sources of revenue for the Fund;
 - (iii) penalties for breaches of the Act;
 - (iv) the administration of the Fund including payment of the Fund's expenses; and
 - (v) Reporting and auditing of the Fund's operations.

3.6 THE PUBLIC FINANCE MANAGEMENT ACT, CAP. 412A

38. Section 68 of the Public Finance Management Act sets out the responsibilities of accounting officers for national government entities, Parliament and the Judiciary. This includes accountability to the National Assembly for ensuring that the resources of the respective entity for which he or she is the accounting officer are used in a lawful, authorised, effective, efficient, economical and transparent manner (section 68(1)).
39. Section 72 of the ACT focuses on the accounting officers' responsibility to manage the assets and liabilities of national government entities. Several other statutes as listed below affect the operating context of the NHIF and now the Social Health Authority although they have an indirect legislative impact on their functions and role, these are:
- (i) The State Corporations Act, Cap. 446;
 - (ii) The Public Audit Act, Cap. 412B;
 - (iii) The Data Protection Act, Cap. 411C;
 - (iv) The Criminal Procedure Code, Cap. 75;
 - (v) The Public Procurement and Asset Disposal Act, Cap. 412C;
 - (vi) The Parliamentary Powers and Privileges Act, Cap. 6; and
 - (vii) The National Assembly Standing Orders.

3.5 POLICY FRAMEWORK

40. The following key policies had a direct impact on the work of NHIF:
- (i) The Kenya Vision 2030;
 - (ii) The Kenya Health Policy, 2014 – 2030;
 - (iii) The Universal Health Policy, 2020-2030; and
 - (iv) The Bottom-Up Economic Transformation Agenda (BeTA), 2022-2027.

3.5.1 The Kenya Vision, 2030

41. The Kenya Vision 2030 is an overarching national development policy that was unveiled in 2007 and has been implemented in rolling out 5-year plans. It is anchored on three pillars namely economic, social and political. It is under the social pillar that health-related goals are found. The aim of the Kenya Vision 2030 is therefore to improve the overall livelihood of Kenyans. Concerning health, the country aims at an equitable and affordable healthcare system of the highest possible quality.
42. The strategies advanced by the Kenya Vision 2030 include:
- (i) enhancing the regulatory regime;
 - (ii) increasing finances available to the health sector and ensuring that they are utilised more efficiently; and
 - (iii) Developing a social health insurance scheme.
43. The SHI Act advances these strategies by providing increased financing for the health sector through national government contributions for indigent and vulnerable persons. The NHIF Act (now repealed) also made provision for the same.

3.5.2 The Kenya Health Policy, 2014–2030

44. The Kenya Health Policy, 2014–2030 provides direction on the relevant implementation stakeholders to ensure significant improvement in the overall status of health in Kenya in line with the Constitution, the country’s long-term development agenda, the Kenya Vision 2030 and Kenya’s global commitments.
45. The goal of the Policy is the attainment of the highest possible standard of health in a responsive manner. This goal will be achieved by supporting equitable, affordable and high-quality health and related services at the highest attainable standards for all Kenyans. Achievement of this goal involved the NHIF and now significantly involves the Social Health Authority because the policy orientation, among other things, targets investment targeted towards health financing to improve access to, quality of and demand for healthcare services. The Policy commitment anchoring is that financial barriers hindering access to services will be minimised or removed for all persons requiring health and related services guided by the concepts of Universal Health Coverage and Social Health Protection.
46. In particular, the Policy’s commitment is to progressively facilitate access to services by all by ensuring social and financial risk protection through adequate mobilisation, allocation, and efficient utilisation of financial resources for health service delivery. The primary responsibility under this Policy of providing the financing required to meet the right to health lies with the national and county governments.
47. The Social Health Insurance (SHI Act.) will therefore help ensure that indigent and vulnerable persons have adequate financial risk protection and lower their financial barriers to accessing healthcare by implementing national government contributions for these persons.

3.5.3 The Kenya Universal Health Coverage Policy, 2020–2030

48. The Kenya Universal Health Coverage Policy, 2020–2030 provides a framework to ensure that all Kenyans have access to essential quality health services without suffering financial hardship. The Policy’s objectives are to:
 - (i) strengthen coverage and access to health services;
 - (ii) ensure the quality of health services;
 - (iii) protect Kenyans from the financial risks of ill-health, and
 - (iv) Strengthen the responsiveness of the health system in Kenya.
49. The Policy embraces the principles of equity, people-centredness, efficiency, social solidarity and a multi-sectoral approach. It focuses on four objectives and their related strategies to support the attainment of the government’s goal in health. It is cognisant of the functional responsibilities between the national and county levels of government with their respective accountability mechanisms and frameworks.

50. The Policy aims to ensure adequacy, efficiency and fairness in financing health services in a manner that guarantees all Kenyans access to the essential health services that they need, an all-inclusive well-designed financing model through the health financing strategy. Primary healthcare shall be the vehicle for the delivery of Universal Health Care in Kenya and shall be repositioned as the foundational service delivery platform for the Kenyan health system. Primary healthcare seeks to improve access, availability, safety, efficiency, and equitable health service delivery. Primary Healthcare (PHC) will lead to the refinement of existing service delivery arrangements through the establishment of Primary Healthcare Networks that will result in a network of public and private facilities offering responsive, accessible, coordinated, comprehensive and continuous health services while addressing the determinants of health to individuals, families and communities.
51. The goal of adopting a PCN service delivery model is to ensure efficiency and continuity of care for clients. Good linkages and referrals within and outside the PCN will therefore be required.

3.5.4 The Bottom-Up Economic Transformation Agenda (BETA), 2022-2027

52. The Government of Kenya identified healthcare delivery as one of the core pillars of its Bottom-Up Economic Transformation Agenda (BETA). In the Plan, a number of commitments were identified towards the delivery of Universal Health Coverage (UHC). These interventions include:
 - (i) a fully publicly financed primary healthcare comprising preventive, promotive, curative, palliative and rehabilitative services;
 - (ii) integrating Information Communication and Technology systems to enhance telemedicine and health management information systems to improve efficiency, address fraud and enable patient data portability;
 - (iii) ring-fencing funds for healthcare at the facility level to enable the availability of funds at the public facility for improvement of health services in collaboration with county governments;
 - (iv) setting up an emergency medical treatment fund to cater for emergencies, cancer treatment and referrals; and
 - (v) Providing National Health Insurance Fund coverage for all Kenyans without exclusion in the policy of "Leaving No One Behind".
53. These commitments are in line with the Kenya Vision 2030, which under the social pillar, envisions a nation that is healthy and prosperous. The commitments further, align with the Sustainable Development Goal (SDG) 3 on "Good Health and Well-Being" which seeks to ensure healthy lives and promote well-being for all at all ages. To achieve this, a number of success indicators are to be realised including the reengineering of healthcare services, health financing architecture and the provision of functional, efficient and sustainable health infrastructure network across the country. This is what informed the paradigm shift in the provision of Social Health Insurance through the Social Health Insurance Act, 2023 that repealed the National Health Insurance Fund Act, No. 9 of 1998.

CHAPTER FOUR

4.1 SUBMISSIONS BY WITNESSES

54. The Committee, pursuant to Article 125 of the Constitution received evidence and information from witnesses on diverse dates from 25th July 2023 to 15th February 2024. This involved the invitation of various witnesses to appear before the Committee to adduce evidence on itemised issues following a call for submissions from members of the public in the local dailies on 8th July 2023. The Committee received written memoranda and oral submissions from, the NHIF Board of Management, the invited staff of NHIF, the invited management of the health facilities, the KMPDC, the management of the eight(8) hospitals and members of the public among others.
55. This Chapter of the Report elaborates on both oral and written submissions by witnesses. Oral submissions were made on oath by the witnesses. The written memoranda submitted to the Committee are also annexed. Table 1 lists the witnesses engaged and the dates of attendance before the Committee.

Table 1: List of Witnesses that appeared before the Committee

DATE	NO.	NAME	DESIGNATION
9th October 2023	1.	Ms Wendy Marete	Administrator, Jekim Medical Centre
	2.	Ms Edith Gatwiri	Administrator, Jekim Hospital Nkubu Ltd
	3.	Dr Wachira Waigoko	Director, Afya Bora Hospital
	4.	Ms Bernice Wairimu	Administrator, Afya Bora Hospital Annex
	5.	Dr Gerald Wasena	Director, St. Peters Orthopaedic and Surgical Speciality Centre
	6.	Mr Kennedy Otieno,	Director, Joy Nursing and Maternity Eastleigh Limited
	7.	Mr Hussein Kuso	Legal Counsel, Amal Hospital Limited and Beirut Pharmacy and Medical Centre
13th October 2023	8.	Mr Wambugu Kariuki	The then Head of Health and Beneficiaries' Management (Currently the Regional Manager of The South Rift Region).
	9.	Mr Rodgers Miranyi	Head of Internal Audit
	10.	Ms Francisca Mwanza	Ag. Director Financial Services
24th October 2023	11.	Mr James Kapkiwok	Chairperson Board Sub-Committee on Operations and Strategy and ICT.
	12.	Mr Andrew Mugambi	Audit Board Sub-Committee Chairman
	13.	Ms Rachael Mwononcho	Chairperson, Board Sub-committee Human Resource
	14.	Dr David G. Kariuki	Chief Executive Officer, Kenya Medical Practitioners and Dentists

			Council
25th July 2023	15.	Dr Kamamia Wa Murichu	The Chairman Kenya Pharmaceutical Distributors Associations
	16.	Mr Issac Ali	Head of Provider Management
	17.	Ms Otele Judith Karimi	Case Manager
8th August 2023	18.	Dr Samson Kuhora	Ag. CEO NHIF
	19.	Mr Gilbert Mugambi Osoro,	UHC Manager
	20.	Eng. Michael Kamau	Chairperson, NHIF Board
19th October 2023	21.	Ms Francisca Mwanza	Ag. Director of Financial Services
	22.	Mr Douglas Owino	Manager of Quality Assurance and Contracting of NHIF
	23.	Ms Rose Mugambi	Former Supply Chain Management Manager
26th October 2023	24.	Mr Peter Kinoti Mugambi	NHIF Card Fraud Victim.
13th October 2023	25.	Mr Wesley Bii	Acting Quality Assurance Manager Since April 2023
	26.	Mr Joseph Tanui	Head of Administration and Human Resource.
17th August 2023	27.	Mr Raymond Morley	Service provider Fourtell-E-Africa Limited
	28.	Mr Stephen K. Simba	Service Provider Munshiram International
15th February 2024	29.	Ms Nakhumicha Wafula, EGH	Cabinet Secretary, Ministry of Health
	30.	Mr Harry Kimtai	Principal Secretary-Medical Services
	31.	Ms Hazel Koitaba	Director Beneficiary and Provider Management.
	32.	Dr David Kariuki	KMPDC-CEO

SUBMISSIONS BY MS WENDY MARETE

56. Ms Wendy Marete, Administrator, Jekim Medical Centre appeared before the Committee on Monday, 9th October 2023 and responded to questions relating to:
- (i) Allegations of organising the medical camps (Induced demand) identifying patients in need of specialised treatment and referring them to Jekim Hospital Nkubu Ltd for tests and X-rays and induced demand of *Edu Afya* schemes by offering transport and snacks to students;
 - (ii) Missing patient records and presence of Jekim Medical Centre pre-printed leave-out sheets in 13 schools;
 - (iii) Lodging claims using the wrong Internal Classification of Diseases Code (ICDs); and
 - (iv) Non-adherence to referral protocol.
57. Ms Marete submitted on oath that, the facility was a Level 2 hospital and acknowledged the use of wrong ICDs claiming it was a clerical error and that some patient files could have been missing during the NHIF Audit as the facility was in the process of digitalising its records management processes. She declined having offered transport or any form of enticement for students to seek medical care from the facility. She emphasised that the choice of hospital for patients was out of the control of the facility and the only reason for increased demand for *Edu Afya* patients was due to the quality of service. She however acknowledged that during referral, the facility usually gives priority to their sister facility, Jekim Hospital Nkubu Ltd.
58. Ms Marete stressed that NHIF had never complained to the facility and that the facility had a good working relationship with the NHIF.

SUBMISSIONS BY MS EDITH GATWIRI

59. Ms Edith Gatwiri, Administrator, Jekim Hospital Nkubu Ltd appeared before the Committee on Monday, 9th October 2023 and responded to questions relating to:
- (i) The level of facility, bed capacity, staff establishment and infrastructure of the facility;
 - (ii) Allegations that the hospital offered radiological services, X-ray, to induce demand from patients from medical camps and transportation of patients to Afya Bora Hospital and RUAI Family Hospital for specialized surgeries;
 - (iii) The facility lacking the capacity to offer arthroscopic, meniscectomy and chondroplasty yet they offered arthroscopic procedures under the NHIF cover; and
 - (iv) Excess bed capacity against the approved capacity of 80 beds and unwarranted admission and long stays.
60. Ms Gatwiri submitted on oath that the facility was a Level 4 hospital, and that Jekim Medical Centre was the branch of the hospital although the two work independently. She stated that she was not aware of the documentation submitted to KMPDC for a Level 4 classification. Although the facility lacked arthroscopic machines and no resident surgeon, the hospital had an agreement with visiting surgeons and Harleys and Smith Company for the provision of the arthroscopic machines when necessary and acknowledged that the facility had excess bed capacity above the recommended number.

61. Ms Gatwiri explained that preauthorisation is usually requested and received online through the NHIF system. However, in the event of delays and emergencies, the facility contacts the Branch Manager or the Quality Assurance Officer.

SUBMISSIONS BY DR WACHIRA WAIGOKO

62. Dr Wachira Waigoko, Administrator, Afya Bora Hospital appeared before the Committee on Monday, 9th October 2023, to respond to questions regarding:
- (i) use of doctors not recognised by KMPDC, falsifying of medical records, clinical fraud and abuse of the managed schemes to induce beneficiary demand for services;
 - (ii) whether the facility offered medical services other than specialised surgical procedures in about four (4) months owing to the allegation that from January to 7th May 2023, the facility conducted 286 major surgeries worth Ksh26,090,000 and 18 minor cases worth Ksh410,000;
 - (iii) the licensure of orthopaedic surgeon Dr Allen Sunny Deol of registration No. C0001438 to perform 76 surgeries amounting to Ksh6,460,000 between January and March 2023;
 - (iv) number of major surgeries that could be carried out in a single day at the facility. On 7th February 2023 alone, Dr Allen Sunny Deol conducted 21 surgical cases categorised as 'major'; and
 - (v) staff making contributions on behalf of the hospitalised beneficiaries.
63. Dr Wachira submitted on oath that the hospital does not undertake medical camps, but it has a marketing department that engages the public (patients) through bulk SMSs to inform them of the available services. He submitted that they also educate the public on the services they offer through radio station talk shows and wellness check-ups in collaboration with churches. He specified that on 2nd February 2023, the management had got concerned over the mention of the facility's name in blogs that indicated they were conducting medical camps in Meru County and reported the matter to NHIF and the police.
64. He further submitted that the facility could conduct many surgeries using its two theatres and that Dr Allen Sunny Deol was licensed by KMPDC as an orthopaedic surgeon. He emphasised that the hospital did not induce any patient to seek services from them and they have not had any cases of impersonation or medical fraud reported in the hospital.
65. He finally submitted that NHIF had never recovered any money paid to them in the claim settlement. He affirmed that they had a case of an elderly patient requesting staff to make NHIF contributions on their behalf which the hospital management discouraged and advised that the relatives of the patients make the contributions.

SUBMISSIONS BY MS BERNICE WAIRIMU

66. Ms Bernice Wairimu, a Clinical Officer and Administrator, Afya Bora Hospital Annex appeared before the Committee on Monday, 9th October 2023, to respond to questions regarding:
- (i) The level of facility, bed capacity, staff establishment and infrastructure of the facility;
 - (ii) Whether the hospital had imaging radiology and physiotherapy units,

- (iii) Allegations of organising medical camps (induced demand), identifying patients in need of specialised treatment, and referring them to the hospital for tests and surgeries in some cases.
 - (iv) Late notifications and conducting procedures before pre-authorisation approval.
 - (v) The licensing status of Dr Kevin Ongeti of reg. No. A6753.
67. Ms Bernice Wairimu submitted on oath that the hospital had a bed capacity of 41 although, on the KMPDC website, it was indicated that the hospital had a bed capacity of 60. She stated that the hospital had never conducted any medical camps.
68. She further acknowledged that in the event of emergencies, they may have late notification to NHIF and in some incidences; they conduct the procedures before the pre-authorisation approvals are given by NHIF.

SUBMISSIONS BY DR. GERALD WASENA

69. Dr Gerald Wasena, Administrator, St. Peters Orthopaedic and Surgical Speciality Centre and an orthopaedic surgeon appeared before the Committee on Monday, 9th October 2023, to respond to questions regarding:
- (i) hospital staff pursuing old people for treatment in Meru County, Mount Kenya Region, and Machakos County among other places to seek specialised treatment from the hospital during medical camps;
 - (ii) the change of hospital contract from non-comprehensive type C to comprehensive type B;
 - (iii) selective implementation of its contract by performing surgical procedures with no outpatient services offered to capitated members;
 - (iv) discrepancies between the NHIF records and hospital files; and
 - (v) Transportation of patients by the hospital.
70. Dr Gerald Wasena while on oath acknowledged that the hospital has held medical camps in various parts of the country as part of its corporate social responsibility. He reiterated his commitment as the hospital administrator to assist the community in resolving some of the orthopaedic issues that affect the quality of life as some people are living with disabilities that can be medically resolved.
71. He acknowledged that there are incidences where he has offered to transport patients stating that this was not enticement to seek services but rather aiding the very needy members of the society who could otherwise not afford to transport their sick relatives to the hospital.
72. He also stated that in the course of his work especially in the provision of emergency surgical interventions there are times when the facility has conducted procedures before notification and approvals by the NHIF hence the discrepancy in dates in the NHIF System and the hospital records. This usually arises as his hospital is near the highway where accidents frequently happen.

73. When questioned on the fate of patients in the event NHIF declined to approve the procedures, he submitted that the hospital has a policy of waiving the costs for the patients.

SUBMISSIONS BY MR KENNEDY OTIENO

74. Mr Kennedy Otieno, Director, Joy Nursing and Maternity Eastleigh Limited, a registered nurse who holds a diploma, appeared before the Committee on Monday, 9th October 2023, to respond to questions regarding:

- (i) The level of facility, bed capacity, staff establishment and infrastructure of the facility.
- (ii) The cause of discrepancies between dates of admission and discharge in the hospital and patient files and how procedures were conducted at Mother and Child Hospital and billed at Joy Nursing and Maternity Eastleigh Limited.
- (iii) Allegations on manipulation of radiology films and reports for preauthorisation as support documents to justify surgical procedures in 54 claims worth Ksh7,010,000 and billing for surgical services worth Ksh5,385,00 that were not rendered.
- (iv) Allegation that the hospital received patients ferried from medical camps for treatment.

75. Mr Otieno submitted while on oath that the hospital was registered by KMPDC as a Level 4 although he affirmed that his hospital did not meet the minimum set requirements for Level 4 as per the KMPDC guidelines from the start. The facility started as a chemist in 2006.

76. He further submitted that his facility did not have a qualified practitioner to translate the X-ray reports captured at his facility.

77. On the issue of referrals from Jekim Hospital Nkubu Ltd, he submitted that doctors at his facility could bring patients but he would not know where these patients came from. The facility did not have a referral policy and also did not have any contractual agreement with the seven surgeons that he had given admitting rights at the facility. The facility had however given contracts to nurses and radiographers. Mr Otieno submitted a list of the seventeen doctors who use the facility and their designation and registration numbers in Table 36.

Table 2: List of doctors with admitting rights at Joy Nursing and Maternity Eastleigh Limited

NO.	NAME	DESIGNATION	LICENCE NO.
1.	Michael Wachira	Orthopaedic Surgeon	A9415
2.	David Nyawade	General Surgeon	A7431
3.	Cosmas Mutisya	General Surgeon	A7818
4.	Emily Bosibori	Gynaecologist	A9827
5.	Duncan Ndeda	Orthopaedic Surgeon	A8773
6.	Patrick Gicheru	Orthopaedic Surgeon	A10175

7.	Juma Olunga	Orthopaedic Surgeon	A8302
8.	Martin Ajujo	Orthopaedic Surgeon	A7673
9.	John Mandela	Orthopaedic Surgeon	A9185
10.	Ephantus Munyuko	Orthopaedic Surgeon	A5774
11.	Commulita Agunda	Gynaecologist	A7206
12.	Kenneth Aluora	Plastic Surgeon	A9268
13.	Paul Mbalu	Gynaecologist	A2921
14.	Stephen Waruru	ENT	A6188
15.	Joseph Mutio	Maxilio	B1008
16.	George Ndung'u	Maxilio	B837
17.	Juliet Thitai	Orthopaedic Surgeon	A9344

78. On the mismatch between the number of surgical cases for which claims were lodged and the number of theatres at the facility, he submitted that the surgeons were working in shifts and that he had not obtained a change of user for the premises where his facility was located.
79. He acknowledged that the hospital has an MOU with Mother and Child Hospital that allowed them to utilise the hospital's facilities, theatres and other equipment. He however denied manipulating or falsifying medical documents to defraud the NHIF. Finally, he said his facility was not functioning at the time as KMPDC had suspended its licence since it did not meet all qualifications in terms of care. KMPDC had informed the facility to improve its theatre and request for re-inspection.

SUBMISSION BY AMAL HOSPITAL LIMITED AND BEIRUT PHARMACY AND MEDICAL CENTRE

80. Mr. Hussen Yarrow the Legal Counsel representing Beirut Pharmacy and Medical Centre appeared before the Committee that, after several invitations citing that the NHIF matter was subject to a court case. He submitted this while on oath.
81. A Director of Amal Hospital Limited accompanied by Mr. Hussen Yarrow the Legal Counsel the legal counsel representing the facility appeared before the Committee on Monday, 9th October 2023. However, she was unable to proceed as she informed the Committee that she had been bereaved just before her appearance.

SUBMISSION BY DR SAMSON KUHORA, ACTING CEO NHIF

82. Dr Kuhora submitted on oath that fraud and corruption had regrettably infiltrated the healthcare sector, posing significant challenges to the achievement of NHIF's mission in providing equitable healthcare access. An impact assessment study presented to the Board in 2020 and a copy submitted before the Committee estimated the NHIF medical fraud risk to be 29.3%. This was within the health insurance sector risk of 25-40%.
83. The NHIF was committed to Anti-Fraud and Anti-Corruption Efforts. The Fund maintained a resolute zero-tolerance policy towards fraud and corruption, guided by their commitment to upholding the highest ethical standards and integrity in undertaking

their paramount responsibility to ensure that resources were utilised solely for the provision of quality healthcare services. Dr Kuhora submitted that the Fund had implemented several strategies to minimise fraud. Some of the strategies were:

(a) Introduction of Biometrics and Enhanced Data Analytics

84. The incorporation of biometric verification has bolstered NHIF authentication processes, ensuring accurate identification of beneficiaries and minimising identity-related fraud. The NHIF system's enhanced data analytics capabilities empowered the Fund to proactively detect and respond to suspicious claims patterns, leading to early identification of potentially fraudulent activities.

(b) Strengthening Internal Audit and Oversight

85. The NHIF's internal audit function played a pivotal role in identifying potential fraud risks and implementing measures to address vulnerabilities. Through oversight mechanisms, the NHIF ensured strict adherence to established policies and procedures, holding all stakeholders accountable for their actions.

(c) Collaboration with Law Enforcement Agencies

86. Collaboration with law enforcement agencies has enabled NHIF to conduct thorough investigations and take appropriate legal actions against those involved in fraudulent activities. Working together with law enforcement agencies reinforced NHIF's commitment to eradicating fraud and corruption and serves as a strong deterrent to potential wrongdoers.

(d) Whistle-blower Protection and Reporting Mechanisms

87. The whistle-blower protection policy ensured that individuals could report fraudulent activities without fear of reprisals, fostering a culture of accountability and transparency. A confidential reporting channel had been established to facilitate the reporting of potential fraud and corruption cases, providing a safe platform for whistle-blowers to share crucial information through the email fraud@nhif.or.ke.

(e) Closure of Health Facilities involved in Fraud and Corruption

88. Dr Kuhora submitted a list of sixty-seven (67) facilities with identified fraudulent claims and payments. Some of the fraudulent claims by these facilities were identified before payment of claims hence the claims were rejected. Some were discovered after the payments were already made and NHIF had initiated recovery of the monies.
89. An example given was a facility named Oljabet Medical Centre, which in 2023 was found to have abused the *Edu Afya* scheme through demand-induced treatment through unaccredited sanitoriums and some of its records were missing. Consequently, NHIF rejected 11,359 claims worth Ksh17, 023,450 and suspended the facility for 90 days. NHIF was awaiting the Board of the hospital to respond to the Audit report. Among the rejected claims Ksh916, 300 had been paid and thus NHIF initiated recovery mechanisms and recovered the said amount.
90. Another facility of concern as submitted was St. Peters Orthopaedic and Surgical Speciality Centre which had been paid Ksh379 million, yet it was a Level IV facility and was not supposed to offer specialised orthopaedic services as per its contract with NHIF.

The Committee sought to understand how preauthorisation to perform the surgeries was authorised if the facility was not accredited for such services.

SUBMISSIONS BY DR DAVID G. KARIUKI

91. Dr David G. Kariuki, the Chief Executive Officer of the Kenya Medical Practitioners and Dentists Council (KMPDC) appeared before the Committee on 24th October 2022 and 15th February 2024.
92. Dr Kariuki submitted on oath that the Kenya Medical Practitioners and Dentists Council (KMPDC) was the regulatory body responsible for overseeing and regulating the practice of medical and dental professionals in Kenya. Its primary role was to ensure that medical practitioners and dentists meet and maintain high standards of professional competence and ethical conduct.
93. In response to an expose by NTV aired on Sunday, 18th June 2023 dubbed “We Steal God Heals”, the Health Cabinet Secretary Nakhumicha S. Wafula directed that KMPDC conducts a joint investigation with NHIF on a number of health facilities in parts of Nairobi, Kiambu, Meru and Kirinyaga. The Council commenced investigations into the allegations to determine the culpability of medical practitioners or health facilities in the matter.
94. Dr Kariuki submitted a summary report on the inspection findings and recommendations following a joint inspection exercise of the 8 facilities that was undertaken on 21st June 2023. He acknowledged that Afya Bora Hospital, Afya Bora Hospital Annex, Joy Nursing and Maternity Eastleigh Limited, Amal Hospital Limited and Beirut Pharmacy and Medical Centre did not meet the minimum set standards to qualify as level four (4) Hospitals.
95. On further interrogation on how such facilities were accredited as Level 4 facilities in the initial registration, he submitted that the Council conducts a joint inspection with county governments for accreditation of facilities and that in some cases they rely on the documentation received from counties rather than physical inspection of the facilities.
96. He submitted that the NHIF should continue working jointly with KMPDC and county governments in the inspection of facilities and in determining what services can be offered in each hospital.
97. The CEO informed the Committee that the Council keeps on changing their requirements as the population keeps on increasing and therefore other facilities request for upgrading. He further informed the Committee that in the next four to six months KMPDC will be doing the re-categorisation of all the hospitals.
98. On the Joy Nursing and Maternity Eastleigh Limited, he informed the Committee that the facility was categorised as Level 2 by KMPDC not as a Level 4 as it was reported.

SUBMISSIONS BY DR KAMAMIA MURICHO

99. Dr Kamamia Muricho appeared before the Committee on 25th July 2023 through an invitation letter Ref.NA/DDC/DC-H/2023/ (043) dated 20th July, 2023 to provide technical background on the source of medical fraud in hospitals in collusion with NHIF.
100. Dr Muricho submitted that hospitals were claiming or charging NHIF the cost of original molecules yet in most cases they dispensed generic molecules. He gave an example of patients undergoing cancer treatment whose molecules were valued at Ksh200 but were being claimed at Ksh16,000 to Ksh20,000 by facilities. He noted that this happens because NHIF cannot verify the prices of drugs.
101. He recommended the establishment of a digital system that can control the pricing of drugs by showing the specific drug dispensed in the invoice for claims. The system also needs to set the maximum price for the item. The government also needs to control the prices of medicines as is the case in South Africa, India and Pakistan.
102. Following the call for submissions, a whistle-blower submitted an email on the Inquiry.

SUBMISSIONS BY A WHISTLE-BLOWER

103. The Whistle-blower noted patients walk into some private hospitals in Kirinyaga County and are paid after filling out NHIF request forms and having their biometrics taken. These forms are used to make claims to NHIF.
104. The whistle-blower alleged that Over 60% of overseas pre-authorisations are approved by one staff in the NHIF case management office. The person further alleged that the same staff had been sponsored by some hospitals to travel to India on several occasions.

SUBMISSION BY MR PETER KINOTI MUGAMBI, A WITNESS

105. Mr Peter Kinoti Mugambi, a 49-year-old man from Kirwa in Meru County and a resident of Timau appeared before the Committee on 26th October 2023 on invitation by the Committee.
106. Mr Mugambi submitted on oath that he is currently not employed because of a motorbike accident that occurred in 2012 and which incapacitated his leg around the knee area. He submitted that he had sought treatment from different hospitals in Meru County with little help until a colleague referred him to St. Peters Orthopaedic and Surgical Speciality Centre in Kangemi, Kiambu County.
107. He visited and was admitted to St. Peters Orthopaedic and Surgical Speciality Centre on Friday 20th August 2021 and re-admitted on Tuesday 2nd November 2021, where he was admitted for total knee replacement after undergoing an MRI. He was taken to the theatre with an agreement to undergo a total knee replacement after he received a preauthorisation from NHIF at a cost of Ksh300,000. However, the procedure conducted was a quadriceps release.
108. He expressed that he strongly felt that this was fraud by St. Peters Orthopaedic and Surgical Speciality Centre as the facility failed to perform the pre-approved procedure and instead conducted an alternative which has incapacitated him to the extent that he

cannot provide for his family. He requested the Committee to assist him get justice by making the hospital compensate him for the damage incurred as he is the breadwinner.

SUBMISSIONS BY MS HAZEL KOITABA, DIRECTOR BENEFICIARY AND PROVIDER MANAGEMENT

109. Ms Hazel Koitaba, the Director, Beneficiary and Provider Management, NHIF appeared before the Committee on 15th February 2024 in relation to the suspended healthcare providers.

110. Ms Koitaba while on oath explained the categorisation of health facilities which had informed the accreditation, empanelment and contracting of healthcare providers by NHIF. She submitted that Level 1 was a community healthcare facility, Level 2 was a dispensary, Level 3 was a health centre, Level 4 a sub-county hospital, Level 5 a county referral hospital and Level 6 was a national referral hospital.

SUBMISSIONS BY MR ELIJAH WACHIRA, NHIF CEO

111. Mr Elijah Wachira, the Chief Executive Officer NHIF, appeared before the Committee on 15th February 2024 in relation to the suspended healthcare providers.

112. Mr Wachira submitted on oath that, the NHIF Internal Audit Report on investigations conducted between July 2022 and December 2023 on thirty-one (31) healthcare providers. He highlighted the audit findings on a few health facilities including:

(i) Beirut Pharmacy and Medical Centre and Amal Hospital Limited, which had contravened Clause 16.1 of the NHIF contract which provides that a healthcare provider should not engage in any corrupt practice or fraudulent practice and that a healthcare provider should not intentionally use a higher-paying code on a claim to fraudulently reflect the use of a more expensive procedure, device or medicine than was used or was necessary. The two facilities had been accused of colluding with some NHIF beneficiaries to defraud the Fund by making claims on medical procedures that were not undertaken as these beneficiaries were never admitted. The audit had that some of these beneficiaries were at work (supported by employer records) at the time the hospital claimed for admissions. He further submitted that Beirut Pharmacy and Medical Centre should therefore pay back Ksh15,490,000 being payments on fraudulent claims and that 114 claims totalling Ksh13,198,580 be rejected. Further, Amal Hospital Limited should pay back Ksh7, 653,000 and 237 claims totalling Ksh32,248,500 be rejected.

(ii) Jekim Hospital Nkubu Ltd Contravened Clauses 16.6, 4.1 and 2.21 of the NHIF contract and was to pay back Ksh1, 004,220.

SUBMISSIONS BY THE PRINCIPAL SECRETARY, STATE DEPARTMENT FOR MEDICAL SERVICES

113. The Principal Secretary of the State Department for Medical Services, Mr Harry Kimutai appeared before the Committee on 15th February 2024 in relation to the suspended healthcare providers.

114. The Principal Secretary emphasised that the KMPDC would be the lead agency in the empanelment of health facilities by the Social Health Authority. The Council would also undertake re-categorisation to give the correct levels of care for accountability in case of fraud unlike before when no entity was held accountable as this was a shared function.
115. The Principal Secretary further informed the Committee that doctors would be registered electronically pursuant to the Digital Health Act, No. 15 of 2023 which would ensure that no doctor was engaged in several health facilities at the same time.

SUBMISSIONS BY THE CABINET SECRETARY, MINISTRY OF HEALTH

116. The Cabinet Secretary, Ministry of Health, Ms Nakhumicha S. Wafula, EGH, appeared before the Committee on 15th February 2024 in relation to the suspended healthcare providers.
117. The Cabinet Secretary submitted that the Directorate of Internal Audit of the NHIF undertook investigations on thirty-one (31) Healthcare Providers between July 2022 and December 2023 and found that they were breaches of contractual obligation.
118. Upon completion of the investigations, the reports were prepared and submitted to the Audit Committee of the Board. The Committee adopted the Internal Audit recommendations for subsequent approval by the Full Board of NHIF. Some of the recommendations included a refund of the fraudulent claims paid and a stoppage of the payment for claims being processed. The Board was also to decide on the fate of the affected Health Care Providers in line with Clause 16.6 of the NHIFs contracts on whether to suspend the HCP or terminate their contracts.
119. However, due to the transition of the National Health Insurance Fund to the Social Health Authority, the NHIF Board had not met to deliberate on the reports. Further, the Attorney-General had issued an advisory to the effect that during the transition, the NHIF Board could only deal with matters in relation to the winding up of the Fund. The audit reports have therefore been left to be deliberated upon by the Board of the Social Health Authority which will give direction and a way forward to the affected Health Care Providers.
120. She further informed the Committee that the Kenya Medical Practitioners and Dentist Council (KMPDC) would be the only body to inspect, categorise and license all levels of hospitals before they are contracted by the Social Health Authority.
121. On the status of *Edu Afya*, the Cabinet Secretary submitted that the contract had come to an end and that she was in discussions with the Cabinet Secretary, Ministry of Education. However, she had not received any communication on the extension of the contract.

4.1.2 TO ESTABLISH THE FINANCIAL STATUS OF THE FUND

122. The financial status of NHIF was a critical aspect in the provision of accessible and affordable healthcare services to Kenyans. Through prudent financial management and strategic resource allocation, NHIF could achieve financial sustainability while ensuring the highest standards of healthcare coverage for its members and their dependents.

123. In establishing the financial status of NHIF at the time of the Inquiry, the Committee invited the then Acting Chief Executive Officer of NHIF Dr Samson Kuhora and the Ag. Director of Finance, Ms Francisca Mwanza who were accompanied by the Board of Management of NHIF.

SUBMISSION BY AG. CEO DR SAMSON KUHORA

124. Dr Samson Kuhora appeared before the Committee on 27th July 2023 as the first witness accompanied by the Chairman of the NHIF Board Eng. Michael Kamau and the Principal Secretary, State Department of Medical Services, Mr Harry Kimutai. Dr Kuhora submitted while under oath as follows:

125. The Fund had maintained a steady rise in revenues generated, with a 35.4% (Ksh19.6 billion) rise in the last 5 years. The National Scheme contributors accounted for 56.6% of the total revenues in the 2018/2019 to 2022/2023 financial years. In the last five years, the expenditure on medical claims increased by 35.5% (Ksh17.7 billion) to Ksh72.9 billion in the 2022/2023 financial year. During this time, the Fund retained its operating expenses at 11.5%

a) Income Summary

Table 3: NHIF Income Summary FY 2018/2019 to FY 2022/23

INCOME COLLECTION						
	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
STATUTOR Y CONTRIBUTIONS	36,481,747,786	37,783,404,543	37,440,339,763	40,632,446,572	42,491,345,282	194,829,283,945
SPONSORED SCHEMES	4,537,700,212	12,044,205,007	6,399,714,725	20,478,485,268	15,015,026,999	58,475,132,210
ENHANCED SCHEMES	12,660,597,086	10,771,594,720	12,731,166,467	24,100,826,764	16,371,228,646	76,635,413,682
OTHER INCOME	1,772,353,630	1,292,839,225	1,353,000,409	1,532,125,795	1,211,279,394	7,161,598,453
TOTAL COLLECTIONS	55,452,398,714	61,892,043,494	57,924,221,364	86,743,884,399	75,088,880,320	337,101,428,291

b) Benefits Summary

Table 4: NHIF Benefits Summary FY 2018/2019 to FY 2022/23

SUMMARY OF BENEFITS PAID FY2018/19 TO FY2022/23				
	CLAIMS	CAPITATION	WIBA/ PREMIUMS	TOTAL
National Scheme	140,050,162,620	27,304,316,859	-	167,354,479,478
Govt Sponsored Indigents - UHC Scheme	1,491,932,566	587,240,350	-	2,079,172,916
Civil Servant Medical Scheme	33,116,765,363	806,724,951	10,204,933,693	44,128,424,007
National Police Service & Kenya Prison Service Medical Scheme	33,572,268,580	-	6,091,499,491	39,663,768,070
<i>Edu Afya</i> Medical Scheme	7,988,634,366	-	-	7,988,634,366
HISP - OVC Programme	570,093,531	179,512,819	-	749,606,350
HISP - OPPSD Programme	154,377,863	27,384,380	-	181,762,243
Counties Medical Schemes	6,198,405,005	630,611,996	-	6,829,017,002
Parastatal Medical Schemes Expenses	6,948,609,557	99,107,361	-	7,047,716,919
Retirees Medical Scheme	3,190,044,822	-	-	3,190,044,822
<i>Linda Mama</i> & related expenses	18,367,877,757	-	-	18,367,877,757
Sub-total Claims	251,649,172,030	29,634,898,715	16,296,433,184	297,580,503,929
OTHER BENEFITS				
Group Life & Last Expense				3,822,204,332
Evacuation				3,907,164,928
Foreign Claims				826,031,734
Enhanced Schemes administrative expenses				1,226,977,644
TOTAL	251,649,172,030	29,634,898,715	16,296,433,184	307,562,882,567

c) Policy on Investments

126. The investment of the funds of the NHIF was guided by its Investment Policy and the provisions of the NHIF Act, 1998 (repealed on 19th October 2023). As a key player in healthcare financing, it was imperative for the Fund to always maintain liquid assets that could easily be made available at the time of need. All monies that were not immediately required for the Fund's execution of its mandate as stipulated by the NHIF Act, 1998 and to enable the due process of claims verification to take place were invested in government securities, reputable financial institutions and strategic advancements to hospitals as were approved by the NHIF Board from time to time.

127. As per its approved Investment Policy, the Fund endeavoured to maintain an amount equivalent to not less than six months' worth of claims payment, as provided in the annual estimates, in investments and short-term securities.

128. The status of the Fund's Investments, Capital Investments and investments in non-current assets were mostly historical in nature having been acquired more than twenty (20) years ago. They included properties, long-term investments and investments in shares totalling Ksh13.1 billion. The table below gives a five-year summary of all non-current assets held by the Fund.

Table 5: Summary of Non-Current Assets Long-term/ Historical Year of Acquisition/ Investment

Long-term/ Historical	Year of Acquisition/ Investment	Cost 2018/19 (Kshs)	Cost 2019/20 (Kshs)	Cost 2020/21 (Kshs)	Cost 2021/22 (Kshs)	Cost 2022/23 (Kshs)
NHIF Building	2002	5,498,989,710	5,498,989,710	5,498,989,710	5,498,989,710	5,498,989,710
NHIF Land (Upper hill)		298,589,665	298,589,665	298,589,665	298,589,665	298,589,665
Carpark	2009	3,966,053,564	3,966,053,564	3,966,053,564	3,966,053,564	3,966,053,564
Karen Land & Resource centre	2001	1,444,687,484	1,444,687,484	1,444,687,484	1,444,687,484	1,444,687,484
Shares at Consolidated bank	2000	54,200,000	54,200,000	54,200,000	54,200,000	54,200,000
Contrust House	2005	165,182,686	165,182,686	165,182,686	165,182,686	165,182,686
Meru Building	1999	32,675,890	32,675,890	32,675,890	32,675,890	32,675,890
MTRH Loan	2017	340,654,576	314,192,699	286,734,558	256,692,640	226,762,637
Staff Mortgage Scheme	2001	943,423,336	962,662,665	1,264,588,685	1,289,008,936	1,311,630,100
Staff Car loan Scheme	2008	57,057,353	57,088,825	57,092,390	57,222,743	57,600,536
Total		12,801,514,264	12,794,323,188	13,068,794,632	13,063,303,318	13,056,372,272

d) Investment in Short-term Securities

129. The Fund invested in short-term securities to enable it to meet its short-term liquidity needs. Based on cash need projection, funds were first considered for investment in Central Bank Treasury Bills for 90, 181 or 364 days. Where cash need was projected for a shorter period, funds were placed in call deposits. The table below shows balances at the close of the financial years in the last five years (2019-2023).

Table 6: Investment in Short-term Securities

Short-term investments	Balance 30 th June 2019	Balance 30 th June 2020	Balance 30 th June 2021	Balance 30 th June 2022	Balance 30 th June 2023
CBK Treasury Bills	11,110,000,000	9,132,650,000	11,832,200,000	9,592,200,000	6,932,200,000
KCB Call Deposit	1,015,153,816	100,000,000	1,035,561,855	100,000,000	100,000,000
NBK Call Deposit	-	-	1,000,000,000	1,647,771,803	-
Coop Bank Call Deposit	-	1,400,000,000	-	-	-
Equity Bank Call Deposit	1,500,000,000	1,749,000,000	1,210,416,916	1,112,400,000	-
NCBA Call Deposit	-	-	-	936,600,000	1,200,000,000
Total	13,625,153,816	12,381,650,000	15,178,178,771	13,388,971,803	8,232,200,000

e) Claim Reserves

130. The Fund complied with International Financial Reporting Standards (IFRS 17) on Insurance Contracts. Claims reserves were being created in the books for claims that had been incurred but had not been reported (IBNR) to the Fund by the various health facilities. This amount was updated in the books quarterly through an actuarial process to determine how much of claims relating to prior periods were still not reported to the Fund for processing.

131. The Board was mandated by the NHIF Act, 1998 (as amended in 2022) to collect contributions from members. Funds revenue was generated from four key sources namely:

1. Contributions
 - a. Statutory Contributions
 - b. Voluntary Contributions
 - c. Other Contributions (Penalties)
2. Enhanced Scheme Premiums
3. Sponsored Schemes Contributions
4. Other Income

132. The table below shows the Fund's performance in the above four categories for FY 2018/2019 to FY 2022/2023.

Table 7: NHIF Income Collection segregated per contributor categories.

INCOME COLLECTION						
	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
STATUTORY CONTRIBUTIONS	36,481,747,786	37,783,404,543	37,440,339,763	40,632,446,572	42,491,345,282	194,829,283,945
SPONSORED SCHEMES	4,537,700,212	12,044,205,007	6,399,714,725	20,478,485,268	15,015,026,999	58,475,132,210
ENHANCED SCHEMES	12,660,597,086	10,771,594,720	12,731,166,467	24,100,826,764	16,371,228,646	76,635,413,682
OTHER INCOME	1,772,353,630	1,292,839,225	1,353,000,409	1,532,125,795	1,211,279,394	7,161,598,453
TOTAL COLLECTIONS	55,452,398,714	61,892,043,494	57,924,221,364	86,743,884,399	75,088,880,320	337,101,428,291

Note: The revenues represent the actual cash collected within the financial year. The 2022/23 FY closed with premiums owed by government totaling KES 11,249,375,049.

MOH PROGRAMS/SCHEMES	Amount Outstanding (Kshs)	2022/23	2021/22	2020/21	2019/20
HISP - OVC	1,091,808,000	-	-	-	1,091,808,000
HISP - OPPSD	262,499,558	-	262,499,558	-	-
Linda Mama	-	-	-	-	-
UHC Indigents	-	-	-	-	-
Subtotal - MOH	1,354,307,558	-	262,499,558	-	1,091,808,000
OTHER ENHANCED SCHEMES FROM VARIOUS MINISTRIES					
Civil Servant Medical scheme	2,480,175,237	2,480,175,237	-	-	-
Civil Servant - WIBA/GPA & LE/GL	4,860,169,577	4,860,169,577	-	-	-
Edu-Afya	2,376,570,918	2,376,570,918	-	-	-
NPS/KPS Medical Scheme	2,013,092,813	1,532,459,317	200,000,000	200,000,000	80,633,496
Subtotal - Other Ministries	11,730,008,545	11,249,375,049	200,000,000	200,000,000	80,633,496
Grand Total	13,084,316,103	11,249,375,049	462,499,558	200,000,000	1,172,441,496

Table 8: Pending Premiums as at 30th June 2023

PREMIUMS PENDING AS AT 30TH JUNE 2023

SCHEME	ARREARS FROM		CONTRACT AMOUNT	TOTAL AMOUNT RECEIVABLE	PREMIUMS RECEIVED	TOTAL AMOUNT OUTSTANDING
	PREVIOUS CONTRACTS	CURRENT CONTRACT COVER PERIOD				
MOH						
HISP - OVC	1,091,808,000	Dec 01, 2022 -to- Nov 30, 2023	1,520,400,000	2,612,208,000	1,520,400,000	1,091,808,000
HISP-OPPSD	262,499,558	April 01, 2023 -to- Mar 31, 2024	352,800,000	615,299,558	352,800,000	262,499,558
Linda Mama	-	July 01, 2023 -to- June 30, 2024	4,098,000,000	4,098,000,000	-	4,098,000,000
Government Sponsored Indigents Scheme (UHC)	-	Jan 01, 2023 -to- Dec 31, 2024	6,000,000,000	6,000,000,000	6,000,000,000	-
Subtotal	1,354,307,558		11,971,200,000	13,325,507,558	7,873,200,000	5,452,307,558
OTHER MINISTRIES						
Civil Servant Medical scheme	-	July 01, 2022 -to- June 30, 2023	6,000,000,000	6,000,000,000	3,519,824,763	2,480,175,237
Civil Servant Medical scheme	-	July 01, 2023 -to- June 30, 2024	5,400,000,000	5,400,000,000	-	5,400,000,000
Civil Servant - Group Life, WIBA & LE	-	April 15, 2022 -to- April 14, 2023	6,861,836,585	6,861,836,585	2,001,667,008	4,860,169,577
Civil Servant - Group Life, WIBA & LE	-	April 15, 2023 -to- July 14, 2024	1,580,225,529	1,580,225,529	-	1,580,225,529
Edu-Afya	-	Jan 01, 2023 -to- Dec 31, 2024	4,862,460,709	4,862,460,709	2,485,889,791	2,376,570,918
NPS/KPS Medical Scheme	2,388,092,813	July 01, 2022 -to- Dec 30, 2022	-	2,388,092,813	375,000,000	2,013,092,813
Subtotal	2,388,092,813		24,704,522,823	27,092,615,636	8,382,381,562	18,710,234,074
Grand Total	3,742,400,371		36,675,722,823	40,418,123,194	16,255,581,562	24,162,541,632

f) Statement on NHIF Benefits Payments

133. The Fund's mandate to pay claims was drawn from section 23 of the NHIF Act, 1998 (as amended in 2022). The Fund's benefits were mainly paid through:

- (i) Claims/ Rebates;
- (ii) Capitation payments; and
- (iii) WIBA Expenses and Premiums.

134. Other benefits expenses included:

- (i) Group Life Last Expense;
- (ii) Evacuation;
- (iii) Foreign Claims; and
- (iv) Enhanced Schemes administrative expenses.

135. A summary on all payments made in the last five years is shown below.

Table 9: Summary of Benefits paid FY 2018/19 to FY 2022/23

SUMMARY OF BENEFITS PAID FY2018/19 TO FY2022/23				
	CLAIMS	CAPITATI ON	WIBA/ PREMIU MS	TOTAL
National Scheme	140,050,162,620	27,304,316,859	-	167,354,479,478
Govt Sponsored Indigents - UHC Scheme	1,491,932,566	587,240,350	-	2,079,172,916
Civil Servant Medical Scheme	33,116,765,363	806,724,951	10,204,933,693	44,128,424,007
National Police Service & Kenya Prison Service Medical Scheme	33,572,268,580	-	6,091,499,491	39,663,768,070
Edu Afya Medical Scheme	7,988,634,366	-	-	7,988,634,366
HISP - OVC Program	570,093,531	179,512,819	-	749,606,350
HISP - OPPSD Program	154,377,863	27,384,380	-	181,762,243
Counties Medical Schemes	6,198,405,005	630,611,996	-	6,829,017,002
Parastatal Medical Schemes Expenses	6,948,609,557	99,107,361	-	7,047,716,919
Retirees Medical Scheme	3,190,044,822	-	-	3,190,044,822
Linda Mama & related expenses	18,367,877,757	-	-	18,367,877,757
Sub-total Claims	251,649,172,030	29,634,898,715	16,296,433,184	297,580,503,929
OTHER BENEFITS				
Group Life & Last Expense				3,822,204,332
Evacuation				

**SUMMARY OF BENEFITS PAID FY2018/19
TO FY2022/23**

	CLAIMS	CAPITATI ON	WIBA/ PREMIU MS	TOTAL
				3,907,164,9 28
Foreign Claims				826,031,734
Enhanced Schemes administrative expenses				1,226,977,6 44
TOTAL	251,649,17 2,030	29,634,898, 715	16,296,43 3,184	307,362,88 2,567

g) Statement on NHIF Operating Expenditure

136. The Fund's operating expenditure was classified into three main classes namely:

- (i) Personnel Emoluments
- (ii) Board Expenses
- (iii) Other Operating Expenses.

h) Statement on Capital expenditure

137. The Fund's investment in capital expenditure was majorly on ICT infrastructure projects including the Electronic Health Information Management System (EHIMS) also known as the Biometric e-claim System. Other expenditures under this category were on non-current assets which include Computers, Motor Vehicle purchase, Furniture and fittings and Office Equipment.

i) Statement on Scheme Balances (Pending Premiums)

138. The Fund entered into contracts and MOUs with Ministries on behalf of the Kenyan Government for the administration of various schemes supported by the Government. Pending premiums as at close of business of the FY2022/23 stood at Ksh24.2 billion.

Table 10: Statement on Payments to Facilities (Breakdown on payments made to all facilities in the five-year period)

NATIONAL HEALTH INSURANCE FUND
STATEMENT OF INCOME & EXPENDITURE
DATED: 18-JULY-2023

ANNEX 5

INCOME COLLECTION						
STATUTORY CONTRIBUTIONS	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
Penalty	273,113,357	287,376,814	371,449,367	321,165,045	367,049,640	1,620,154,223
County Statutory	2,227,115,818	2,364,723,635	2,522,248,770	2,886,718,845	2,859,754,227	12,860,561,294
Self-Employed (Informal)	5,067,233,371	5,165,066,215	5,582,980,927	5,973,221,199	6,224,233,815	28,012,735,527
Formal Sector	28,914,285,241	29,966,237,879	28,963,660,700	31,451,341,482	33,040,307,600	152,335,832,902
STATUTORY CONTRIBUTIONS	36,481,747,786	37,783,404,543	37,440,339,763	40,632,446,572	42,491,345,282	194,829,283,945

SPONSORED SCHEMES						
HISP - OVC	300,000,000	2,012,894,000	1,520,400,000	1,520,400,000	-	5,353,694,000
HISP - OPPSD	-	315,000,000	342,300,442	352,800,000	-	1,010,100,442
INDIGENTS SPONSORSHIP	-	-	-	6,000,000,000	6,000,000,000	12,000,000,000
EDU-AFYA	2,237,700,212	3,636,741,007	4,537,014,283	4,409,285,268	4,917,026,999	19,737,767,768
LINDA MAMA	2,000,000,000	6,079,570,000	-	8,196,000,000	4,098,000,000	20,373,570,000
SPONSORED SCHEMES	4,537,700,212	12,044,205,007	6,399,714,725	20,478,485,268	15,015,026,999	58,475,132,210

ENHANCED SCHEMES						
COUNTY SCHEMES	1,267,022,137	1,669,974,321	1,898,758,077	2,941,981,704	2,457,552,950	10,235,289,188
PARASTATAL SCHEMES	1,562,295,054	1,449,474,967	827,826,802	1,764,011,352	2,019,829,971	7,623,438,145
RETIREMENT SCHEMES - RETS	295,397,182	421,893,734	152,905,343	81,820,890	88,589,738	1,040,606,888
KARO	65,153	-	335,447,839	350,327,317	116,643,692	802,484,001
NPS/KPS SCHEME	5,535,805,560	3,230,233,698	3,775,006,000	5,771,438,620	1,967,971,280	20,280,655,158
WIBA - NPS/KPS	-	-	1,721,596,916	2,295,594,440	2,295,594,440	6,312,785,796
WIBA - CIVIL SERVANTS	-	-	-	6,876,250,651	2,001,667,008	8,877,917,659
FOPA	-	-	19,571,490	19,135,290	23,286,567	61,993,347
CIVIL SERVANTS SCHEME	4,000,012,000	4,000,018,000	4,000,054,000	3,700,066,500	5,100,087,000	20,800,237,500
CIVIL SERVANTS EX-GR	-	-	-	300,000,000	300,000,000	600,000,000
ENHANCED SCHEMES	12,660,597,086	10,771,594,720	12,731,166,467	24,100,826,764	16,371,228,646	76,635,413,682
TOTAL SCHEMES INCOME	17,198,297,298	22,815,799,726	19,130,881,192	44,579,312,032	31,386,255,645	135,110,545,893

OTHER INCOME						
INTEREST ON INVESTMENT	1,485,862,869	990,386,074	1,055,263,764	1,241,617,176	903,315,692	5,676,445,575
RENTAL INCOME	282,279,014	280,369,454	285,262,654	286,526,074	288,205,134	1,422,642,330
MISCELLANEOUS INCOME	4,211,747	22,083,698	12,473,991	3,982,545	19,758,568	62,510,548
OTHER INCOME	1,772,353,630	1,292,839,225	1,353,000,409	1,532,125,795	1,211,279,394	7,161,598,453

TOTAL COLLECTIONS	55,452,398,714	61,892,043,494	57,924,221,364	86,743,884,399	75,088,880,320	337,101,428,291
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EXPENDITURE	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	TOTAL
CLAIMS						
National Scheme	30,076,784,234	25,983,850,555	24,944,832,718	27,962,303,534	31,082,391,579	140,050,162,620
Govt Sponsored Indigents - UHC Scheme	-	-	-	474,721,953	1,017,210,613	1,491,932,566
Civil Servant Medical Scheme	4,229,340,035	5,759,133,331	5,553,217,756	8,626,766,045	8,948,308,196	33,116,765,363
National Police Service & Kenya Prison Service Medical Scheme	4,174,663,465	6,724,558,376	7,188,502,483	9,847,885,457	5,636,658,798	33,572,268,580
EduAfyA Medical Scheme	513,910,258	847,221,027	611,454,617	2,515,485,820	3,500,562,643	7,988,634,366
HISP-OVC Program	318,563,204	55,375,527	6,759,897	172,577,856	16,816,988	570,993,531
HISP - OPPSD Program	83,920,751	19,961,971	1,768,631	45,651,460	3,075,050	154,377,863
Counties Medical Schemes	663,295,750	1,371,825,621	985,759,867	1,679,436,862	1,498,086,905	6,198,405,005
Parastatal Medical Schemes Expenses	1,572,053,609	1,755,518,083	900,538,910	1,237,138,812	1,483,360,143	6,948,609,557
Retirees Medical Scheme	371,524,583	682,614,074	631,986,278	708,255,799	795,664,088	3,190,044,822
Sub-total Claims	42,004,055,889	43,200,058,624	40,824,821,157	53,270,223,598	53,982,135,004	233,281,294,273
CAPITATION						
National Scheme	6,079,040,437	5,612,187,976	3,624,220,510	5,410,819,233	6,578,048,704	27,304,316,859
Govt Sponsored Indigents - UHC Scheme	-	-	-	-	587,240,350	587,240,350
Civil Servant Medical Scheme	293,465,830	291,940,289	216,973,857	3,264,825	1,080,150	806,724,951
HISP-OVC Program	159,718,469	57,000	9,537,450	1,809,750	8,390,150	179,518,819
HISP - OPPSD Program	23,975,821	754,360	-	364,300	2,289,899	27,384,380
Counties Medical Schemes	85,144,170	129,990,312	84,934,939	144,969,525	185,573,050	630,611,996
Parastatal Medical Schemes Expenses	20,090,761	33,131,385	15,058,490	21,109,676	9,717,050	99,107,361
Sub-total Capitation	6,661,435,487	6,068,061,322	3,950,725,246	5,582,337,309	7,372,339,353	29,634,898,715
LINDA MAMA						
Free Maternity claims & related expenses	536,810,769	3,626,795,670	2,100,412,697	7,086,967,628	5,016,890,993	18,367,877,757
Sub-total Linda Mama	536,810,769	3,626,795,670	2,100,412,697	7,086,967,628	5,016,890,993	18,367,877,757
OTHER BENEFITS						
Group Life & Last Expense	1,169,005,649	667,647,220	863,956,463	578,650,000	542,945,000	3,822,204,332
Evacuation	582,935,608	934,656,352	873,184,945	771,831,958	744,556,066	3,907,164,928
WIBA, Group Life & Last Expense - NPS & KPS	-	-	834,672,639	2,862,753,432	2,394,073,420	6,091,499,491
WIBA, Group Life & Last Expense - Civil Servants	-	-	1,420,143,569	6,790,954,170	1,993,835,954	10,204,933,693
Foreign Treatment Payments	-	4,827,364	57,959,213	395,278,564	367,966,593	826,031,734
Enhanced Schemes administrative expenses	135,429,188	402,563,390	186,739,145	396,121,691	482,124,230	1,226,977,644
Sub-total Other Benefits	1,887,370,445	1,633,694,326	4,236,655,974	11,795,589,815	6,525,501,262	26,078,811,821
TOTAL BENEFIT EXPENSES	51,089,672,590	54,528,609,942	51,112,615,074	77,735,118,349	72,896,866,611	307,362,882,567
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	TOTAL
OPERATING EXPENSES						
Personnel Emoluments	4,261,571,629	5,001,301,138	4,830,299,697	4,861,960,470	5,289,022,900	24,244,155,834
Board Expenses	32,081,129	22,734,267	25,734,108	32,166,770	34,386,023	147,102,297
Other Operating Expenses	4,034,868,975	2,589,146,395	2,727,987,370	3,446,116,666	2,897,604,378	15,695,723,784

SUBMISSIONS BY MS FRANCISCA MWANZA, AG. FINANCE DIRECTOR

139. Ms Mwanza appeared before the Committee on 13th and 19th October 2023 and made submissions on oath as follows:

a) The Fund's financial statements for the last three (3) years

Ms Mwanza provided the Fund's Annual Reports and Financial Statements for the financial years 2019/20, 2020/21 and 2021/22 in hard copy.

b) The Fund's Investment Policy

Ms Mwanza provided the Fund's investment policy in hard copy.

c) Statement on monies invested by the Fund in treasury bonds.

Ms Mwanza submitted that 'currently, NHIF does not invest in treasury bonds. However, the last time it did was in the year 2009, when it invested in a 12-year bond at an interest rate of 12.5%. This investment matured in the year 2021 and funds were put into much more liquid and shorter-term investments in Central Bank of Kenya treasury bills. Ms Mwanza provided a statement from the Central Bank of Kenya at the maturity of the investment.

d) The Auditor-General's management letters and the Fund's response for the last three (3) years

Ms Mwanza provided the Auditor-General's management letters and the Fund's response for the three years.

e) The financial pay-out ratio for all schemes administered by the Fund.

Ms Mwanza submitted that the benefits pay-out ratio for all schemes administered by the Fund is provided based on the results in the Financial Statements presented on an actuarial basis. She then provided a summary tabulation of total income, expenditure, and pay-out ratios for each scheme for the years 2019/20, 2020/21 and 2021/22.

f) Statement of loans extended to hospitals for the last three (3) years.

Ms Mwanza submitted that the Fund had not extended a loan facility to any of its accredited hospitals for the last three financial years. However, the Fund was in the process of recovering a loan facility extended to Moi Teaching and Referral Hospital (MTRH) that was approved by the Board in the year 2018. She then submitted the loan's recovery statement as of 31st August 2023.

When Ms Mwanza appeared before the Committee, it requested additional information on the background and chronology of events which she submitted as below:

Loan to Moi Teaching and Referral Hospital (MTRH) for Purchase of Radiotherapy Equipment

140. The Ministry of Health wrote a letter, Ref No MOH/MED/11/2/2 VOL. II dated 1st December 2016 requesting NHIF to consider supporting the establishment of radiotherapy treatment centres at Moi Teaching and Referral Hospital and Kenyatta National Hospital due to the rising cancer cases in the country. The Ministry attached to the said letter the specifications required for the machinery.

141. Subsequently, MTRH wrote a letter Ref No. ELD/MTRH/BCM/5/28/VOL II/2007 dated 2nd February 2017 requesting funding from NHIF and specifying the details of the two proposed loans and proposed repayment periods and interest rates.
142. MTRH forwarded another letter Ref No. ELD/MTRH/ADMIN/1/9VOL.1V/2015 dated 4th April 2017 informing NHIF of the collaborative project between the International Atomic Energy Agency (IAEA) and GOK, the KEN/6/020. The letter informed NHIF that MTRH was a beneficiary of the project. The letter included another letter from the Ministry of Health- to MTRH, Ref No. MOH/ADM/1/1/1 dated 16th March 2017.
143. MTRH wrote to NHIF vide letter Ref NO. ELD/MTRH/ADMIN/1/VOL.IV/2015 dated 12th July 2017 forwarding a new proposal on procurement of the radiotherapy equipment with the new purchase price together with the interest due. The amount requested was Ksh1, 762,000,000 at 3% interest per annum on reducing balance and payable over 10 years.
144. This letter was followed by another letter Ref No. MOH/ADM/1/1/VOL.1 dated 27th July 2017 from the Ministry of Health which indicated their support of the request for a loan from NHIF to MTRH.
145. The Ministry of Health wrote another letter, Ref. MOH/MED/11/2/2 VOL II dated 15th August 2017 to NHIF regarding the Country Programme Framework (a reference document for near-and-medium-term planning on Technical Corporation between the International Atomic Energy Agency (IAEA) and the Republic of Kenya. The letter requested NHIF to remit 75% of the funds to the Kenya Nuclear Electricity Board required to purchase the radiotherapy equipment for MTRH on cost cost-sharing basis between (IAEA) and the Kenyan Government.
146. A Board Paper was prepared and presented to the Benefits Committee of the Board in August 2017.
147. On 8th September 2017, Ksh312, 669,869.00 was disbursed to the Kenya Nuclear Electricity Board. A Board Paper was prepared and presented to the full Board on 25th January 2018 on the proposal to offer a loan facility to MTRH. Ms Mwanza provided the Board minutes in respect to the consideration of this Board Paper.
148. The Fund issued instructions in May 2018 to MMA Advocates for a legal opinion on the procurement and acquisition of medical equipment as mandated by the Act. This was provided and payment towards this was made to MMA Advocates on 22nd June 2018 totalling Ksh27, 917,200.00 inclusive of tax.
149. The Fund issued further instructions on 11th June 2018 to MMA Advocates vide letter Ref NO. HF/HOSP/3/1/VOL.1/ (3) requesting for a draft contract to be prepared noting that the NHIF's Act allowed the Fund under Section 34 to procure and purchase essential medical equipment for hospitals as per the Board terms and conditions and to ensure the Fund's interests are safeguarded.

150. Another letter dated 12th July 2018, Ref No. HF/HOSP/3/1 VOL.1/8 was written to MMA Advocates requesting them to prepare a finance contract between NHIF and MTRH as NHIF had already remitted the sum of Ksh312, 669,869.00 being the Government of Kenya's contribution to Kenya Nuclear Electricity Board for the purchase of the equipment. The instructions included that the total amount advanced would be recovered from claims payable over a period of 10 years at an interest rate of 3% per annum. The recoveries were to be affected at a monthly rate of Ksh3, 019,163.55 from February 2018 to January 2028.

151. MMA Advocates responded vide letter Ref NO. MMA/DBM/NHIF/336/2018 dated 13th July 2018 indicating the instructions were received and shall be actioned. The Advocates forwarded the following documents: -

1. Draft Head of Terms between NHIF and MTRH;
2. Draft Memorandum of Understanding between NHIF, IAEA and MTRH; and
3. Draft Financing Agreement between NHIF and MTRH.

152. On 14th August 2018, the NHIF sent the draft Head of Terms to MTRH for review and comments. There was no response from MTRH on the draft until NHIF sent subsequent reminders dated 10th September 2019, 23rd September 2019 and 7th October 2019. MTRH responded on 11th October 2019 and requested for an amendment to be made to the contract.

153. MMA advocates invoiced for the above instructions and deliverables, Ksh40, 883,040.00 including tax for preparing the above documents and payment was made on 3rd October 2018.

1. Contract Signing Status

154. The NHIF legal department had been engaging with MTRH, in a bid to have the contract signed between 2018 and 2022. The main issue of contention was the loading of the full legal fees onto the loan.

155. The matter was also brought to the attention of the NHIF Board, as it has been highlighted as a matter in the OAG report for the institution. The Board during its sitting on 29th September 2023 guided that NHIF should proceed and sign the contract with the undisputed amounts of Principal and legal fees. Further, the NHIF is to pursue MMA Advocates on the variances therein. With the guidance of the Board, the NHIF has been able to secure an agreement with MTRH and a Final contract has been reviewed by both NHIF and MTRH teams and is currently being executed. Ms Mwanza indicated that the minutes of the contract signing would be provided by the Legal Department once duly signed.

2. Repayment of Loan

156. MTRH has been making monthly loan repayments since January 2018 at a monthly repayment of Ksh3, 019,163.55 and as of 30th August 2023 loan repayment was Ksh205, 107,583. This recovery is reflected in the NHIF Financial statements.

SUBMISSIONS BY MR WAMBUGU KARIUKI, HEAD OF BENEFICIARY MANAGEMENT

157. Mr Wambugu Kariuki, who was the Head of Beneficiary Management at the period under inquiry and at the time of appearing before the Committee on 13th October 2023 had been horizontally deployed to head the Rift Valley Region. He submitted as follows:

158. Mr Wambugu Kariuki submitted on oath the following reports:

- (i) Membership report for the last three (3) years
- (ii) Biometrics Registration report for all Kenyans
- (iii) Utilisation reports for Universal Health Coverage (UHC) and Health Insurance Subsidy Programmes (HISPs) on Orphans, Vulnerable Children, Older Persons and Persons with Disability
- (iv) Report for all Enhanced Schemes that the NHIF administered (Civil Servants, *Edu Afya*, *Linda Mama*, County Governments Enhanced Medical Schemes) including the pay-out ratio.
- (v) Sponsored Programmes report.
- (vi) Capitation Payment Report for the last four (4) years.

(a) Membership Report for the last three (3) years

159. The NHIF membership was in three (3) main categories: Formal Sector, Informal Sector and Sponsored Programs. The formal sector is comprised of salaried employees both in the public and private sectors. Members in the formal sector made NHIF contributions through monthly deductions effected by the employers and remitted to NHIF on behalf of the employees as stipulated in section 16 of the NHIF Act.

160. The informal sector members were those in self-employment who made special contributions through individual contributions to NHIF as per Section 19 of the NHIF Act. However, self-employed members in organised legal entities such as Cooperatives, Savings and Credit Cooperative Organisations (SACCO) could enrol with NHIF through the cooperatives where the officials of the cooperatives collected and remitted the contributions on behalf of the members.

161. Sponsored programmes referred to members who ordinarily may not have afforded to make NHIF contributions and were therefore enrolled through sponsorship by the Government (both National and County), Non-Governmental Organisations and philanthropic individuals. The table below shows the composition of NHIF members in the last three (3) years.

Table 11: NHIF Membership per Sector; 2020/2021 to 2022/2023

Sector	Membership 2020/2021			Membership 2021/2022			Membership 2022/2023		
	Total	Active	%	Total	Active	%	Total	Active	%
Formal Sector	4,691,277	3,388,127	72%	4,822,423	3,405,308	71%	4,962,191	3,880,842	78%
Informal Sector	6,553,648	1,713,649	26%	8,157,860	1,710,154	21%	8,674,681	1,877,417	22%
Sponsored Programs	1,676,439	326,833	19%	2,478,946	1,379,460	56%	2,573,479	1,348,652	52%
Total	12,921,364	5,428,609	42%	15,459,229	6,494,922	42%	16,210,351	7,106,911	44%

162. With the commencement of the scale-up of UHC in December 2020 which culminated in the UHC launch in February 2022, there was a tremendous growth in membership of 20% between FY 2020/2021 and FY 2021/2022.

163. While member retention was quite stable and relatively high in the formal sector, the retention rate for the informal sector was quite low due to the voluntary nature of enrolment. More often than not members in the informal sector enrolled when they were in need e.g. maternity, elective surgical procedures, chronic illnesses and often opted out once the need was met. The low retention rate was being addressed through interventions such as:

- (i) Enrolment through Cooperatives
- (ii) Partnership with financial institutions for Insurance Premium Financing (IPF)
- (iii) Agency Model.

(b) Biometrics Registration Report for all Kenyans

164. Since its inception in 1966 NHIF members were identified with membership cards issued to the principal members upon registration. The first-generation cards were manila cards which contained the member and the spouse details and monthly contribution stamps affixed on the backside of the card. In 2003 upon full computerisation of NHIF processes, manila cards were replaced with the second-generation cards; the magnetic striped photo cards issued to principal members.

165. To further enhance convenience to NHIF beneficiaries and augment beneficiary involvement in benefits access, in 2016 NHIF began biometric enrolment of beneficiaries starting with Enhanced Schemes beneficiaries. However, the process was impeded as the government rolled out Huduma Namba registration since biometrics registration was suspended for all other institutions as the Government carried out countrywide Huduma Namba biometrics registration.

166. In 2020 upon pronouncement of UHC scale up by the Government, biometric enrolment of all NHIF beneficiaries was kick-started and NHIF immediately embarked on a nationwide biometrics' registration. The table below shows the status of biometrics registration per year as of 31st August 2023:

Table 12: BIOMETRICS REGISTRATION TRENDS

PERIOD	BIOMETRIC REGISTRATION CUMULATIVE	PER YEAR
2016	275,802	275,802
2017	237,033	512,835
2018	675,975	1,188,810
2019	167,807	1,356,617
2020	25,023	1,381,640
2021	3,337,190	4,718,830
2022	1,962,035	6,680,865
Up To 31st August 2023	1,200,167	7,881,032

167. Biometrics registration was done at the NHIF service points namely Branch Offices, Satellite Offices, Huduma Centres and NHIF contracted Healthcare Providers.

168. To hasten the process of biometric registration of all NHIF beneficiaries, in 2021 NHIF carried out three (3) extensive countrywide field biometrics registrations which resulted in 3.3 million new registrations for that year. However, mostly, only the active NHIF principal members turned up for registration and this explains why the total figure of biometrically registered beneficiaries of 7,881,032 related closely with the total active membership of 7,106,911.

169. Biometric identification enhanced NHIF beneficiaries' involvement in access to benefits and reduced instances of fraudulent claims for ghost patients by healthcare providers.

(c) Utilisation Reports for Universal Health Coverage (UHC) and Health Insurance Subsidy Programmes (HISPs) on Orphans, Vulnerable Children, Older Persons and Persons with Disability

170. The NHIF was in the process of implementing three (3) main health insurance subsidy programmes which targeted various segments of the population. These were Health Insurance Subsidy Programme for Orphaned and Vulnerable Children (HISP-OVC), Health Insurance Subsidy Programme for Older Persons and Persons with Severe Disabilities (HISP-OPSD) and the UHC Indigents Cover which was rolled out effective January 2022 on scale-up of the UHC.

171. NHIF rolled out the Health Insurance Subsidy Programmes in 2014 with financial and technical support from the Rockefeller Foundation and the World Bank. The targeted households received a fully subsidised NHIF cover and were identified by the State Department for Social Protection and were beneficiaries of the cash transfer programmes.

172. The subsidy programmes were a value-addition benefit to the poor and vulnerable households who were receiving cash transfers through the State Department for Social

Protection. The subsidy programme started with a pilot of 21,500 households under the Orphans and Vulnerable Children Cash Transfer Programme (OVC-CTP).

173. The programme has gradually increased coverage to the current 253,400 OVC households and 58,800 households in the Older Persons and Severe Disabled (OPSD). The annual premiums for the subsidy programmes for OVCs and OPSDs were Ksh1,520,400,000 and Ksh252,000,000 respectively, computed at a rate of Ksh6,000 per household per year.

174. On scale-up of UHC nationwide, the Government of Kenya had set aside Ksh6 billion to cover 1 million poor and vulnerable (indigent) households in all the 47 Counties under the UHC programme. The County Governments in liaison with the State Department for Social Protection identified a cumulative 882,729 indigent households who were enrolled to the UHC, and the cover commenced in January 2022.

175. During the nationwide crackdown on Bodaboda Riders in 2022, the Government set aside the remaining 117,271 slots for Bodaboda Health Insurance Cover. The Bodaboda Health Insurance Cover was a government incentive to the Bodaboda Riders who complied with all Government guidelines on their trade. There was a delay in the rollout of the Bodaboda cover but it was eventually launched by the President and kicked off effective July 2023.

(d) Benefits Utilisation for Government Health Insurance Subsidy Programmes

176. Utilisation of the Government health insurance subsidy programmes including the UHC Indigents Cover up to 30th June 2023 was as follows:

Table 13: Health Insurance Subsidy Programme for Older Persons and Severely Disabled (HISP-OPSD)

Period	Membership	Premium	Capitation	Inpatient	Total Pay-Out	Pay-Out Ratio
Jan 2021 to Dec 2021	58,800	352,800,000	23,284,800	86,027,482	109,312,282	31%
Jan 2022 to Dec 2022	58,800	352,800,000	21,540,550	131,548,029	153,088,579	43%
Jan 2023 to Jun 2023	58,800	176,400,000	6,237,849	50,921,164	57,159,013	32%

Table 14: Health Insurance Subsidy Programme for Orphaned and Vulnerable Children (HISP-OVC)

Period	Membership	Premium	Capitation	Inpatient	Total Pay-Out	Pay-Out Ratio
Jan 2021 to Dec 2021	253,400	1,520,400,000	51,205,950	262,418,186	313,624,136	21%

Jan 2022 to Dec 2022	253,400	1,520,400,000	58,794,500	411,672,029	470,466,529	31%
Jan 2023 to Jun 2023	253,400	760,200,000	38,833,205	270,741,767	309,574,972	41%

Table 15: UHC Indigents Cover

Period	Membership	Premium	Capitation	Inpatient	Total	Pay-Out Ratio
Jan 2022 to Dec 2022	882,729	5,296,374,000	1,276,440,503	1,538,879,053	2,815,319,556	53%
Jan 2023 to Jun 2023	882,729	2,648,187,000	712,168,338	838,966,984	1,551,135,322	59%

177. Benefits utilisation for the health insurance subsidy programmes had remained relatively low although there was significant improvement. Challenges and/or factors leading to low utilisation included:

- (i) Inadequate awareness since most beneficiaries were unaware of their enrolment in the programmes since they were not involved during identification.
- (ii) Low enrolment of dependents since only principal member's details were submitted during registration.
- (iii) Restriction of beneficiaries to Government healthcare providers as directed by the Council of Governors (CoG) and Ministry of Health (MoH) led to low utilisation due to inadequate healthcare services in public facilities especially those in Levels 2 and 3.
- (iv) Delay in disbursement of premiums from the Government through MoH which inhibited beneficiaries' outreach activities such as member sensitisation.

178. The existing Memorandum of Understanding between NHIF and the Ministry of Health required that sensitisation and beneficiaries' education be carried out jointly by both parties, but this had been hampered by perennial delays in disbursement of the premiums from the MoH.

(e) Report for All Enhanced Schemes that NHIF Administers (Civil Servants, *Edu Afya, Linda Mama*, County Governments Enhanced Medical Schemes) including the Pay-Out Ratio

179. In January 2012, NHIF entered into an agreement with the State Department of Public Service to offer enhanced medical cover to Civil Servants and Disciplined Services on a government-to-government arrangement. Enhanced Medical Schemes coverage was later expanded to other organisations in the public sector namely Public Secondary Schools Students, County Governments, County Assemblies, Parastatals, Government Departments, Constitutional Commissions and Retired Public Servants. By the 4th Quarter of the 2022/2023 financial year, there were 73 active enhanced medical schemes in various categories as tabulated below.

Table 16: Enhanced Medical Schemes Categories

Enhanced Medical Schemes	Number of Schemes	Total Members	Total Premium (Ksh)
Civil Servants	1	131,750	6,000,000,000
National Police Service & Kenya Prisons Service	1	130,399	2,058,951,608
Edu Afya	1	3,500,000	4,862,460,709
County Governments & County Assemblies/Executives	25	58,427	2,695,022,237
Parastatals and Other Public Entities	40	22,332	2,229,901,081
Retired Public Officers	5	1,814	408,027,160
TOTAL	73	3,844,722	18,254,362,795

Table 17: Civil Servants Comprehensive Medical Scheme

FINANCIAL YEAR	FY2019/2020	FY2020/2021	FY2021/2022	TOTAL
Premiums & Contributions	6,138,826,763	6,022,658,067	7,941,258,645	20,102,743,475
Benefits Paid	6,650,824,817	6,291,415,197	8,618,131,112	21,560,371,126
Benefits Pay-out Ratio	108%	104%	109%	107%

Table 18: National Police Service & Kenya Prisons Service Comprehensive Medical Scheme

FINACIAL YEAR	FY2019/2020	FY2020/2021	FY2021/2022	TOTAL
Premiums & Contributions	6,983,517,537	7,028,116,989	7,130,267,535	21,141,902,061
Benefits Paid	7,141,726,047	8,462,367,539	9,884,509,523	25,488,603,109
Benefits Pay-out Ratio	102%	120%	139%	121%

Table 19: Edu Afya Medical Scheme

FINANCIAL YEAR	FY2019/2020	FY2020/2021	FY2021/2022	TOTAL
Premiums & Contributions	4,050,000,000	4,050,000,000	4,050,000,000	12,150,000,000
Benefits Paid	2,334,613,644	1,516,438,158	3,248,095,999	7,099,147,801
Benefits Pay-out Ratio	58%	37%	80%	58%

Table 20: County Governments and County Assemblies Comprehensive Medical Schemes

FINANCIAL YEAR	FY2019/20	FY2020/21	FY2021/22	TOTAL
Premiums & Contributions	3,263,039,986	2,739,988,156	4,426,061,322	10,429,089,464
Benefits Paid	1,554,539,849	1,103,929,875	1,966,058,021	4,624,527,745
Benefits Pay-out Ratio	48%	40%	44%	44%

Table 21: Parastatals Comprehensive Medical Schemes

FINANCIAL YEAR	FY2019/20	FY2020/21	FY2021/22	TOTAL
Premiums & Contributions	2,094,180,160	1,047,798,983	1,201,445,249	4,343,424,392
Benefits Paid	1,743,714,242	823,061,017	1,317,076,537	3,883,851,796
Benefits Pay-out Ratio	83%	79%	110%	89%

Table 22: Retirees Comprehensive Medical Scheme

FINANCIAL YEAR	FY2019/20	FY2020/21	FY2021/22	TOTAL
Premiums & Contributions	330,108,999	551,782,076	508,194,530	1,390,085,605
Benefits Paid	851,377,813	688,025,718	705,634,479	2,245,038,010
Benefits Pay-out Ratio	258%	125%	139%	162%

(f) Linda Mama Programme

180. The Government introduced the Free Maternity Services in 2013 to address the high maternal and infant mortality rates. In 2017, the programme was transitioned to NHIF to leverage the robust systems and rebranded to *Linda Mama* Programme. Under the *Linda Mama* Programme, approximately 1.1 million pregnant women enrolled for the programme annually which was the estimated number of births as per the Kenya

National Bureau of Statistics (KNBS) Census 2019 Report. Notably, over 900,000 deliveries were recorded in the financial year 2022/2023. The *Linda Mama* Programme annual budget was Ksh4, 098,000,000. The table below shows the funds disbursements and benefits utilisation for the *Linda Mama* Programme in the last three (3) financial years:

Table 23: Programme Funds Disbursement and Benefits Utilisation

	2020/2021	2021/2022	2022/2023
Balance Brought Forward from Previous FY	2,564,562,271	(2,383,577,090)	2,019,486,726
Funds transferred to NHIF	-	8,196,000,000	4,098,000,000
Total Funds available	2,564,562,271	5,812,422,910	6,117,486,726
Benefits			
Inpatient	1,312,328,570	747,279,078	1,417,035,192
Caesarean Section	711,534,353	598,954,101	763,288,833
Normal Delivery	2,332,660,545	1,978,327,987	2,538,580,959
Ante-Natal	528,633,291	426,515,462	571,707,974
Post-Natal	62,982,602	41,859,556	84,363,929
Sub-Total Benefits	4,948,139,361	3,792,936,184	5,374,976,887
Balance Carried Forward to Next FY	(2,383,577,090)	2,019,486,726	742,509,839

(g) Sponsored Programmes Report

181. The objective of the Kenya UHC Policy 2020 – 2030 was geared towards expanding access to comprehensive health services, especially for underserved, marginalised, and vulnerable populations, while protecting them against financial catastrophe. Sponsorship of indigents was vital in the journey towards the achievement of Universal Health Coverage for all Kenyans by ensuring that while those who could pay made contributions for their NHIF monthly premiums, the poor and vulnerable in the society were paid for.

182. The Government of Kenya was the biggest sponsor with 1.3 million indigents in three (3) Government health insurance subsidy programmes: HISP-OVC, HISP-OPSD and UHC Indigents Cover. In the Financial Year 2022/2023, there were seventy (73) sponsorships covering 1,435,330 indigent households broken down as follows:

Table 24: Sponsored Programmes for the Year 2022/2023

Sponsor	Number of Sponsors Households Covered	
Government of Kenya	1	1,312,200
County Governments	11	72,213
National Government Constituency Development Fund (NG-CDF)	51	26,270
Other Sponsors	5	24,140

Wards	6	507
Total	73	1,435,330

Table 25: Government of Kenya Indigents Sponsorships

NO.	Program Code	Name of Programme	No of Households Sponsored
1	500500	UHC Indigents Cover	1,000,000
2	99999	HISP-OVC	253,400
3	101673	HISP-OPSD	58,800
	Total		1,312,200

Table 26: County Governments Indigents Sponsorships

NO.	Sponsor Code	County	No of Households Sponsored
1	501921	Kisumu (MARWA Cover)	21,000
2	458747	Lamu	20,000
3	603198	Murang'a (Kangata Care)	20,000
4	583627	Kitui	7,000
5	592702	Samburu	1,500
6	593906	Tharaka Nithi	1,083
7	101404	Elgeyo Marakwet	860
8	582294	Meru County (Mwangaza Care)	299
9	122033	Baringo	250
10	451094	Makueni	210
11	604431	Bungoma County Woman Rep Group	11
	Total		72,213

Table 27: National Government Constituency Development Fund (NG-CDF) Indigents Sponsorships

	Sponsor Code	Sponsor Name	No of Households Covered
1	98369	UNHCR-Vulnerable Persons	8,032
2	98369	UNHCR-Dafi Students	518
3	487878	UNHCR-Kakuma Refugees & Host Community	13,731
4	556848	AmpathPlus Bunyala Sub County	1,072
5	604324	Mombasa Cement Sahajanand Sponsored Programme-Primary	787
Total			24,140

Table 28: Wards Indigents Sponsorships

	Sponsor Code	Ward	No of Households Covered
1	597514	Likuyani	100
2	597891	Kongoni	100
3	597891	Sango	100
4	597898	Nzoia	100
5	597902	Sinoko	100
6	495799	Mayeye	7
	Total		507

183. County Governments, NG-CDF, Wards and Other Sponsors complimented the Government of Kenya in sponsorship of the indigent population. The target was for sponsorship of 5.1 indigent households based on the 2019 National Population Census.

(h) Capitation Payment Report for the Last Four (4) Years

184. Capitation was a payment model in which all contracted providers were paid in advance at a predetermined fixed rate to provide a defined set of services for everyone enrolled with the provider for a fixed period. It was an output-based model, where the unit of output was the coverage of all predefined services for an individual for a period of one quarter. NHIF used this payment mechanism to purchase outpatient services.

185. Only healthcare providers under the NHIF Comprehensive contract offered outpatient services through a capitation provider payment model. The table below shows the trend in outpatient capitation payments to NHIF empanelled and contracted healthcare providers in the last four (4) years:

Table 29: Outpatient Capitation Payments Per Healthcare Provider (HCP) Category

Period	Public (Ksh)	HCPs Faith-Based HCPs	Private HCPs	Total Capitation (Ksh)
2019/2020	1,176,743,363	1,404,721,153	3,606,250,847	6,187,715,365
2020/2021	574,613,277	964,636,616	2,287,167,781	3,826,417,673
2021/2022	1,393,242,697	1,263,153,210	2,985,773,581	5,642,169,488
2022/2023	2,586,830,840	1,426,870,334	3,290,336,494	7,304,037,668

186. At the rollout of the outpatient cover following enhancement of NHIF contributions and benefits in 2015 NHIF members were required to visit NHIF Branch Offices and contracted healthcare providers to select their preferred outpatient healthcare providers aided by NHIF Officers and healthcare providers' staff. Although that arrangement was meant to provide convenience to NHIF members, it faced several challenges with several complaints from members that they were allocated healthcare providers they had not selected.

187. Several attempts were made to address the complaints and correct the errors but when complaints persisted, in 2020 a decision was made to clean up the system by releasing all NHIF beneficiaries from the allocated outpatient healthcare provider and allowing them to personally select their preferred outpatient healthcare provider using their mobile phones. Following that outpatient data clean up there was a significant reduction in capitation payment for the financial year 2020/2021.

SUBMISSIONS BY MR GILBERT MUGAMBI OSORO, UHC MANAGER

188. Mr Gilbert Mugambi Osoro, the UHC Manager appeared before the Committee on 8th August 2023 while on oath submitted as follows:

189. NHIF had approximately 15.7 million cumulative members of which approximately 7.2 million were the principal contributors. The total enrolment membership as at 30th June 2023 was 16,210,351 out of which 7,106,911 were active members which constituted 44%. As of 8th August 2023, 5.9 million members had been biometrically enrolled. There were NHIF contributors who had not yet presented themselves for biometric registration.

190. In 2020, upon the pronouncement of UHC scale-up by the Government, biometric enrolment of all NHIF beneficiaries was kickstarted and NHIF immediately embarked on a nationwide biometrics registration.

191. In 2021, NHIF carried out three (3) extensive countrywide field biometrics registrations which resulted in 3.3 million new registrations that year. However, mostly, only the active NHIF principal members turned up for registration and this explained why the total figure of biometrically registered beneficiaries of 7,881,032 related closely with the total active membership of 7,106,911.

192. When beneficiaries presented themselves to facilities seeking services, their biometrics registration was taken. If members' biometrics could not be used, a one-time SMS Password (One Time Pin) was initiated by the facility and provided through the beneficiary's phone.

SUBMISSIONS BY DR SAMSON KUHORA AG. CEO NHIF

193. The role of the Department was to provide organisational policy and strategic direction in the demand market analytics, value-based financing models, design, and scope of benefits, costing and sustainability strategies, strategic procurement, payment models and reimbursement, health technology assessment and utilisation analysis.

194. Dr Samson Kuhora on oath submitted the following documents:

- (i) Structure and operations of the Benefit Design and Actuarial Services Department;
- (ii) Utilisation reports for *Edu Afya*, Kenya Association of Retired Officers (KARO) Former Parliamentarians Association (FOPA), National Police Services, and Kenya Prisons Services;
- (iii) Utilisation Report for National Schemes; and
- (iv) Claims payment ratio for the NHIF for the last two years.

195. The utilisation per year was on an upward trend, with the 2022/23 FY surpassing the 100% utilisation. This was attributable to the fraud risk, especially with the outpatient cover (Provider Payment Mechanism (PPM) was a Fixed Fee for Service (FFFS) which overproduced the hospital visit rate), increased awareness through sensitisation platforms, and uncontrolled pricing for the benefit. He stated that surveillance had been increased to reduce the risk of fraud and suspension of contracts for providers engaged in fraud, and mitigation of the risks related to staff and process-induced fraud.

196. The retirees' scheme was a high utilisation account due to the age and disease-related risk factors. The average utilisation per member was high, and the loss ratio was also high, despite the risk-adjusted premiums adopted in 2020/21. The mitigation measure was to have a post-retirement medical scheme for former government workers, where contributions started in the pre-retirement ages. The other mitigation measure was the roll-out of the essential benefits package that has chronic/critical illness financing from the Exchequer. The dip in 2021/22 was attributed to an increase in cost for the premiums which reduced the numbers willing to enrol in the scheme.

197. The cover for the Police and Prisons Services had a utilisation of more than the 85% threshold. This was attributed to variations in the pricing related to schemes where the cover was based on limits. To address this, the gap was presented to the Board in October 2021 and the resolution was to cost services through the Ministry of Health. This was partially achieved in 2022/24 contracts and was being done for the Essential Benefits Package (EBP) in the planned UHC roll-out. Additionally, the scheme's PPM for outpatient services exposed the Fund to overproduction risk. The utilisation data was used to estimate the risk and calculate premiums in 2022/23 and on presentation of the data, the scheme opted to exit the cover by the Fund.

198. The loss ratio for the National Scheme had been on a downward trend in the last three (3) years. This was largely due to controls in the informal sector of the national scheme, including price, scope and access controls in the benefits. The formal sector retention also increased from 72% to 78% in the post-COVID period, and the utilisation was retained below 60%.

Table 30: Utilisation for *Edu Afya*, KARO and FOPA in the last 2 years

EDU AFYA MEDICAL SCHEME				
	2019/20	2020/21	2021/22	3Y data
Premiums & Contributions	4,050,000,000	4,050,000,000	4,050,000,000	12,150,000,000
Benefits Paid	2,334,613,644	1,516,438,158	3,248,095,999	7,099,147,801
Benefits Pay-out Ratio	58%	37%	80%	58%

Table 31: Retirees Medical Scheme Utilisation for 2020 and 2021

RETIRES MEDICAL SCHEME				
	2019/20	2020/21	2021/22	3Y data
Premiums & Contributions	330,108,999	551,782,076	508,194,530	1,390,085,605

Benefits Paid	851,377,813	688,025,718	705,634,479	2,245,038,010
Benefits Pay-out Ratio	28%	125%	139%	162%

Table 32: NPS/KPS Utilisation reports for 2020 and 2021.

NPS & KPS MEDICAL SCHEME				
	2019/20	2020/21	2021/22	3Y data
Premiums & Contributions	6,983,517,537	7,028,116,989	7,130,267,535	21,141,902,061
Benefits Paid	7,141,726,047	8,462,367,539	9,884,509,523	25,488,603,109
Benefits Pay-out Ratio	102%	120%	139%	121%

Table 33: Utilisation for National Scheme.

NATIONAL HEALTH SCHEME				
	2019/20	2020/21	2021/22	3Y data
Premiums & Contributions	31,254,581,423	31,621,331,719	34,071,068,025	96,946,981,167
Benefits Paid	29,971,058,098	26,316,725,366	27,353,750,116	83,641,533,580
Benefits Pay-out Ratio	96%	83%	80%	86%

1. Claims Pay-out for NHIF.

Table 34: Aggregated income and expenditure data for all the schemes in the last 3 years

	Fy2019/20	Fy2020/21	Fy2021/22	Total
Premiums & Contributions WIBA NPS/KPS	-	1,147,797,220	2,877,255,761	4,025,052,981
Premiums & Contributions WIBA CS	-	1,450,606,302	6,873,209,875	8,323,816,177
Premiums & Contributions Retiree Schemes	330,108,999	551,782,076	508,194,530	1,390,085,605
Premiums & Contributions Parastatals	2,094,180,160	1,047,798,983	1,201,445,249	4,343,424,392
Premiums & Contributions OPPSD	252,000,000	276,000,000	352,800,000	880,800,000
Premiums & Contributions_ NPS/KPS	6,983,517,537	7,028,116,989	7,130,267,535	21,141,902,061

	Fy2019/20	Fy2020/21	Fy2021/22	Total
Premiums & Contributions NHS	31,254,581,423	31,621,331,719	34,071,068,025	96,946,981,167
Premiums & Contributions Indigent Sponsorship	-	-	3,042,000,000	3,042,000,000
Premiums & Contributions Hispovc	1,091,808,000	1,341,820,000	1,520,400,000	3,954,028,000
Premiums & Contributions_Fmp	4,041,850,985	4,881,426,228	4,164,582,667	13,087,859,880
Premiums & Contributions_Edu Afya	4,050,000,000	4,050,000,000	4,050,000,000	12,150,000,000
Premiums & Contributions_Cs	6,138,826,763	6,022,658,067	7,941,258,645	20,102,743,475
Premiums & Contributions_County Schemes	3,263,039,986	2,739,988,156	4,426,061,322	10,429,089,464
Total Income	59,499,913,853	62,159,325,740	78,158,543,609	199,817,783,202
Benefits Paid_Wiba NPS/KPS	-	834,672,639	2,862,753,432	3,697,426,071
Benefits Paid_Wiba Cs	-	1,420,143,569	6,790,954,170	8,211,097,739
Benefits Paid Retiree Schemes	851,377,813	688,025,718	705,634,479	2,245,038,010
Benefits Paid_Parastals	1,743,714,242	823,061,017	1,317,076,537	3,883,851,796
Benefits Paid_Oppsd	18,788,821	80,068,379	91,413,962	190,271,162
Benefits Paid_NPS/KPS	7,141,726,047	8,462,367,539	9,884,509,523	25,488,603,109
Benefits Paid_NHS	29,971,058,098	26,316,725,366	27,353,750,116	83,641,533,580
Benefits Paid_Indigent Sponsorship	-	-	1,361,557,798	1,361,557,798
Benefits Paid_Hispovc	53,804,656	253,128,733	290,537,742	597,471,131
Benefits Paid_Fmp	4,041,850,985	4,881,426,228	4,164,582,667	13,087,859,880
Benefits Paid_Edu Afya	2,334,613,644	1,516,438,158	3,248,095,999	7,099,147,801
Benefits Paid_CS	6,650,824,817	6,291,415,197	8,618,131,112	21,560,371,126
Benefits Paid County Schemes	1,554,539,849	1,103,929,875	1,966,058,021	4,624,527,745
Total Benefits Paid	54,362,298,972	52,671,402,418	68,655,055,558	175,688,756,948
Benefit Pay-out Ratio	91%	85%	88%	88%

199. Overall, when computed against accrued premiums, the utilisation ratio reduced to 88% in 2021/22.

200. As part of its healthcare financing mandate, the Fund procured additional medical services for negotiated/managed schemes at an additional premium. The schemes had

additional benefits like optical and dental services, over and above the National Scheme, and had the beneficiaries tiered into lower job-groups (L-JGs), higher-JGs or their equivalents.

201. In the 2019 benefits review exercise, the 5-year utilisation data suggested that all factors kept constant, managed schemes would become unsustainable if the utilisation was not checked. Additionally, about 43% of the 69 schemes sampled had a significant risk of the Medical Loss Ratio (MLR) exceeding 85%.
202. The root-cause analysis suggested the design of the contracts with no specified limits per service offered, the risk posed by the Provider Payment Mechanism (PPM) on OP services and low threshold for checks in the claims processing could be significant drivers to the utilisation. The short-term interventions were related to claims processing and sustainable benefits, with the medium- and long-term interventions focusing on provider and scheme contracts, rational costing of benefits, adjustment of premiums payable and standardisation.
203. The short-term intervention on benefits and claims targeting upscaling and over-costing of benefits was implemented in August 2019 by separation of the IP services case-codes from the auto-generated rebates. The throughput was monitored monthly, and system checks were enhanced. As at the end of the 12-month utilisation period, the crude analysis of 42,800 requests suggested the Fund could have lost up to Ksh1.70 billion in exaggerated claims and ineligible claims, out of Ksh5.73 billion worth of requisitions, had the checks not been implemented; a 29.3% medical fraud risk.
204. A 10% sample was used to make an adjusted analysis of the actual losses averted and simulate the efficiency of the interventions. From the sample, fraud risk was 36.1%, with the cost of exaggerated bills presenting a 44.7% risk of medical fraud, worth Ksh124.1 million; and ineligible requisitions, worth Ksh153.5 million.
205. From the intervention analysis, full implementation of the automated backend system checks, as a prerequisite to transition from the manual checks to auto adjudicated checks, and the rational costing of benefits were likely to have a significant impact on reducing risk of medical fraud and losses for managed schemes. This was likely to extend to the national scheme especially for the non-packaged benefits; and for non-packaged benefits, the exposure of members to exorbitant Out-of-Pocket (OOP) payments in financing treatment plans. This would complement the impersonation risk that was being addressed by biometric identification.
206. At the end of June 2020, the Civil Servants Scheme was in its eighth year since inception on 1st January 2012. Under the medical insurance, principal members together with six dependents were entitled to outpatient and inpatient care, group life and last expense cover. The outpatient cover catered for all outpatient procedures including dental and optical services while inpatient cover included all inpatient procedures.
207. The county government's scheme started in 2014 and twenty-three counties and five county assemblies had signed up where 30 schemes were active, and parastatals had signed covers worth Ksh1.3 billion. The Fund also offered medical cover to private

companies and associations. The total registration under the Private Schemes and Associations was 4,076 principal members, with premiums of Ksh410 million. The National Police Service and the Kenya Prisons Service, with 21,566 principal members, accessed comprehensive medical insurance cover for its employees. The scheme was in its third year of implementation. The external actuary report identified varied risk and suggested mitigation measures.

No	Risk Identified	Risk Assessment	Risk Mitigation
1	Risk Management	•The benefit structure of a Managed Medical Scheme requires a unique risk management framework.	Risk Management framework should be designed and implemented to take care of all risks identified in particular operational risk.
2	Investment Return	Premium is received annually and in advance and investment income can improve profitability.	Design and implement a investment policy statement for Managed Medical Schemes.
3	Premium Collection	The market is experiencing late payment of premium.	Premium should be collected in a timely manner, preferably in advance as per the agreed frequency (annually, quarterly or monthly).
4	Natural Claim Volatility	The projected claims in a managed scheme is affected by frequency (how many lives get sick) and severity (cost per hospital visit)	Cost controls should be introduced to reduce volatility of claims. These include copay/deductibles, review of hospital panel, wellness programs and sub limits on certain benefits.
5	Impaired Lives	The sick members in any scheme incur over 30% of the total benefit pay-out.	Special programs for example, chronic drug programs should be introduced to manage the sick members of the schemes.. These programs should consider pre-existing, chronic and HIV conditions.
6	Drug Costs	Drug compose 40% of outpatient benefits and 20% of inpatient benefits.	Review of drug costs within the scheme for both inpatient and outpatient benefits.
7	Fraud	Fraud has been observed in the market for all insurers – both private and public.	Development of a fraud control program to cater for overbilling and unnecessary procedures.

Source: Kenbright Actuarial and Financial services (Sept 2019)

208. The Quality Assurance and Contracting Division managed empanelment and accreditation requirements and processes for healthcare providers (HCPs) seeking enrolment into NHIF. They carried out preliminary investigations when a complaint was launched against a contracted HCP and pending hospital benefits access permissions. It was also supposed to obtain accurate hospital biodata, and geo-coordinates, and authenticate the provision of service by assessing available services and capturing verified services using available online platforms.

209. The QA team was further tasked with ensuring facilities correctly fill in the offer letters for the provision of service. For purposes of re-contracting and quality assurance, the team verified Kenya Essential Package for Health (KEPH) levels, capacity of HCPs and actual number of in-patient beds which informed the amount of capitation, rebates and to some extent choice of hospital category. The reassessment exercise helped deter cases of HCPs launching fictitious claims, inappropriate higher levels of care allocated to some HCPs, false and unnecessary admissions and more than actual bed capacity, and

unlicensed medical facilities and staff. The Manager, Quality Assurance and Contracting had the overall responsibility to ensure that empanelled HCPs were contracted.

210. The NHIF had contracted and enrolled 8,886 healthcare providers (HCPs) for 2021-2024 with government service providers being a majority at 6, 006, private service providers at 2, 579 and missions service providers were 301. The QA administrators identified fraud in 42 healthcare providers who had been suspended in the period 2021-2024. Twelve (12) of the suspended HCPs had *Edu Afya* Scheme services suspended, 30 HCPs had all services suspended and Ksh208,536,471 was recommended for recovery.

211. The NHIF was asked to submit a list of the Quality Assurance and their qualifications as indicated in Table 34.

Table 34: Number of Quality Assurance Officers and their qualifications

NO	QUALITY ASSURANCE OFFICER I	NO.
1.	DIPLOMA IN CLINICAL MED.& SURGERY	25
2.	DIPLOMA IN COMMUNITY HEALTH NURSING	21
3.	DIPLOMA IN MEDICAL LABORATORY SCIENCES	4
4.	DIPLOMA IN HUMAN RESOURCE MANAGEMENT	1
5.	DIPLOMA IN PHARMACY	2
6.	HIGHER DIPLOMA IN EPIDEMIOLOGY	1
7.	DIPLOMA IN DENTAL TECHNOLOGY	1
8.	BACHELOR OF SCIENCE (MICROBIOLOGY)	2
9.	BACHELOR OF ARTS (PSYCHOLOGY)	1
10.	SAFE CARE - BASIC HEALTHCARE STANDARDS	1
11.	BACHELOR OF SCIENCE IN ENVIROMENTAL HEALTH	1
12.	HIGHER NATIONAL DIPLOMA IN PAEDIATRIC NURSE	1

SUBMISSIONS BY MS JUDITH KARIMI OTELE, CLAIMS MANAGEMENT DIVISION MANAGER NHIF

212. Ms Judith Karimi Otele, the Manager, Claims Management Division appeared before the Committee on 25th July 2023.

213. Ms Otele was responsible for the pre-authorisation of services and was called upon to clarify on:

- (i) The role of the Claim Management Division in preauthorisation;
- (ii) Staff establishment and qualifications in the Claim Management Division; and

(iii) Allegations that she had travelled on several occasions to India on sponsorship by service providers.

214. Ms Otele submitted on oath that, she heads a team of fifteen (15) staff comprising of eight clinical officers, four nurses, one pharmaceutical technologist, one biochemist and one biomedical laboratory technologist. The Division's role was to review and approve preauthorisation requests. She emphasised that a preauthorisation service was not a claim as other verification procedures determine a claim.

215. She submitted that she had never travelled to India upon which the Chairperson of the Committee directed that she submits her passport for confirmation of the same. Further, she was asked to submit a list of the case management officers and their respective academic qualifications as indicated in Table 34.

Table 35: List of Staff in Case Management

NO	NAME	DESIGNATION
1	Judith Otele	Manager Case Management
2	Edith Njau	Snr Case Management Officer
3	Daisy Chepkoech	Case Management Officer
4	Issac Mutai	Case Management Officer
5	Hassan Bagaja	Case Management Officer
6	Rebecca Anyumba	Case Management Officer
7	Doreen Kaburu	Case Management Officer
8	Gloria Mutave	Case Management Officer
9	Janet Rotich	Case Management Officer
10	Marian Kochalle	Case Management Officer
11	Iryne Silantoi	Case Management Officer
12	Mary Kasila	Case Management Officer
13	Sarah Kamau	Admin Case Management

**SUBMISSIONS BY MR ISSAC ALI, HEAD OF PROVIDER MANAGEMENT
NHIF**

216. Mr Issac Ali, the Head of Provider Management and a geologist by training appeared before the Committee on 25th July 2023.

217. Mr Issac Ali submitted that he heads a team of Quality Assurance Officers who are based at the NHIF branch offices. The role of the QA officers is to confirm claims from facilities under their jurisdiction for payment. He submitted that there are seventy-five

(75) Quality Assurance officers. Some branches, however, did not have quality assurance officers for example Kisii, Nyamira, Garissa and Lodwar. Mr Ali was to submit a list of the quality assurance officers and their respective academic qualifications which is annexed to this report.

SUBMISSIONS BY MR DOUGLAS OWINO, HEAD OF THE QUALITY ASSURANCE AND CONTRACTING DIVISION NHIF

218. Mr Douglas Owino, the Head of Quality Assurance and Contracting Division appeared before the Committee on 19th October 2023.

219. Mr. Douglas Owino on oath explained the process of claims was initiated at the hospitals based on amounts which were predetermined in the contracts signed by facilities and NHIF Branch Managers. The preauthorisation approvals were made through the Case Management team. The Case Management team was made up of fifteen (15) staff who had a health-related academic background.

220. NHIF embarked on healthcare providers' reassessment and re-contracting exercise from 23rd August to 10th September 2021. This involved the evaluation and verification of services of all empanelled healthcare providers for purposes of re-contracting. The HCPs that had expanded and added more services were reassessed to ascertain their capacity and readiness to provide quality services to NHIF beneficiaries. All HCPs were informed to provide certified copies of mandatory documents to the NHIF team before the end of the exercise.

221. Mr Douglas Owino explained that the reassessment was done differently compared to the previous contract cycles as all key regulatory bodies in the health sector were engaged to ensure all empanelled HCPs were complying with the applicable laws and to ensure adherence to the set standards in the provision of healthcare services. Some of the regulatory bodies engaged include:

- (i) Kenya Medical Practitioners and Dentists Council;
- (ii) Kenya Health Professional Oversight Authority;
- (iii) Clinical Officers Council;
- (iv) Pharmacy and Poisons Board;
- (v) National Cancer Institute; and
- (vi) Kenya Medical Laboratory Technicians and Technologists Board.

222. The county governments were also engaged through the Council of Governors on the need to ensure all public health facilities are contracted in line with the UHC implementation agenda.

223. The reassessment found that a total of 1,400 HCPs had been assigned incorrect KEPH levels and these HCPs were referred to KMPDC for re-inspection and re-categorisation and assigning of appropriate levels of care.

224. The primary responsibility of ensuring quality and expected standards lies with the healthcare provider and not NHIF. NHIF can only ascertain quality based on the scores and parameters using the quality assessment checklist however it is not able to check

assure quality in empanelled HCPs as the Fund does not have full control of the internal processes of the facilities.

225. Mr Owino informed the Committee that the Division conducted quality assurance activities and submitted reports on Quality Improvement Plans.
226. He also briefed the Committee on the procedure of suspension of HCPs as provided in section 30 of the NHIF Act which provides that the Board may, at any time, revoke any empanelment. Where the Board intends to revoke the empanelment of a healthcare provider, it shall notify the healthcare provider of the intended revocation, in writing, setting out the reasons for revocation of empanelment. A healthcare provider may, upon receiving the notification submit a written response to the notification within seven days. A healthcare provider whose empanelment has been revoked under this section may apply to the Board for review of the revocation in the first instance and, if dissatisfied with the decision of the Board upon review, appeal to the High Court against such revocation. The Board was also required to cause the name of every healthcare provider whose empanelment is revoked to be published in the *Gazette* and at least three newspapers with nationwide circulation.
227. However, before the 2022 amendments to the NHIF Act, NHIF used to apply section 25 (4)(ii) which provides that upon determination of cases of fraud, a facility could be suspended for not more than five years where it knowingly or fraudulently altered or falsified any information with intent to defraud the Board or to obtain any benefit that it was not entitled to under the Act. Further, the NHIF Act provided that the Board may review such suspension any time after the twenty-fourth month from the date of the suspension.
228. He submitted that most suspended HCPs were flagged by Quality Assurance Officers, especially during surveillance activities.
229. On the issue of collusion on false admissions and false surgeries, he explained that NHIF beneficiaries receive SMS notifications on requests and should be able to report if the request was fraudulent. He further indicated that the existence of false admissions and false surgeries could be a pointer to collusion between an HCP and the NHIF cardholder. Where NHIF staffs was involved then a disciplinary procedure was initiated.
230. Mr Owino provided the status of the healthcare providers that had been suspended in the last five years as follows:
- (i) Makindu Nursing Home-of registration number 6662306 suspended on 30th June 2018 - October 2021 for fraudulent billing practices, and misrepresentation of services provided. The facility was reinstated after an appeal for reinstatement. The appeal was presented to the 107th Full Board meeting held on the 3rd August 2021. The facility changed its name to Mulatya Memorial Hospital vide Gazette Notice No. 7592 dated 18th July 2018.
 - (ii) Patanisho Maternity was suspended on 30th July 2018 for fraudulent billing practices, misrepresentation of services provided and improper Documentation of

medical records. The facility was reinstated after an appeal for reinstatement and reimbursed claims worth Ksh411,000.

- (iii) Samaritan Medical Services of registration number 8000901 was suspended from August 2018 to 8th January 2021 for fraudulent billing practices, misrepresentation of services provided and improper documentation of medical records. The facility was reinstated after an appeal following a Board meeting held on 7th July 2022. The facility was also reimbursed claims worth Ksh208,500.
- (iv) Tionybei Medical Clinic of registration number 0006358 was suspended from August 2017 until the time of this Inquiry for fraudulent billing, forgery of medical personnel on the clinical notes and prescriptions, claims lacking vital supporting documents such as IDs and copies of NHIF cards. The facility had not yet been reinstated and would only be reinstated after it reimburses NHIF for claims worth Ksh2,387,050 as directed by the Board.
- (v) Al Amin Nursing Home of registration number 80001553 was suspended from 30th June 2018 to October 2021 for fraudulent billing practices, misrepresentation of services provided and improper documentation of medical records. The facility was reinstated after an appeal for reinstatement. The decision to reinstate the facility was made at the 107th Full Board meeting held on 3rd August 2021.

SUBMISSIONS BY MR JAMES KAPKIWOK, NHIF BOARD DIRECTOR

- 231. Mr James Kapkiwok on oath submitted in the presence of the NHIF Board Director and the Chairperson of the Board Sub-Committee on Operations, Strategic and ICT appeared before the Committee on 24th October 2023.
- 232. The NHIF operations were supported by two systems, the Great Lake System procured in 1998 and the Electronic Health Information Claim System procured in the 2018/2019 financial year. At the time of the Inquiry, NHIF was in the process of procuring an overhaul system upgrade at a total cost of Ksh4.2 billion. The plan was to upgrade the system in phases.
- 233. The ICT Director submitted that the biometric system was adopted in the 2018/2019 financial year. The total number of members enrolled biometrically as of the date of his submission was 7,805,978.
- 234. NHIF had facilitated hospitals to register members biometrically and members' unique fingerprint details would be captured whenever they sought services. Members without fingerprints or with poor fingerprints, for example, those working in quarries or those with diseases that affect the quality of fingerprints could use a One-Time Password (OTP) mode of verification.
- 235. NHIF had taken note of the emerging technologies and would enhance the new contracts to provide for improvements. NHIF had a running contract on the management of the biometric identification process which did provide for the introduction of other aspects of the system from another vendor. He further emphasised being cognisant of other forms of identification such as facial recognition and iris identification.

236. He submitted that the current system had gaps and required an upgrade. The back-office ERP system was to be upgraded at the cost of Ksh750 million which shall take care of the gaps in the current system including hospital assessment, contracting surveillance, actuarial valuation, business enterprise reporting and risk management. The upgrade would therefore ensure:

- (i) Automated financial reporting that was exported outside the system;
- (ii) Security including against cyber security threats; and
- (iii) Optimisation of the current system in terms of documentation and audit trails.

237. Preauthorisation requests which were being processed in the system and being reviewed by Quality Assurance Officers were also in the process of automation to have the details verified electronically to around 80% and only a few will need human intervention. This would ensure fraud reduction.

238. The contracting process was not well managed and therefore there was a need to have an E-contracting process. Issues of analytics were also limited and most of the data was not machine-readable.

SUBMISSIONS BY MS ROSE MUGAMBI, HEAD OF SUPPLY CHAIN (JUNE 2020 TO NOVEMBER 2023) NHIF

239. Ms Rose Mugambi, seconded to the NHIF as Head of Supply Chain from June 2020 to November 2023 appeared before the Committee on 26th October 2023.

240. Ms Rose Mugambi while on oath submitted evidence on the role of procurement in contracting service providers, contracting of legal services and how MMA advocates were contracted during the processing of the MTRH loan and procurement of WIBA cover for government employees. She submitted that as at the time that she was seconded to NHIF, the procurement division was not involved in any aspect of contracting of providers (Hospitals) as this was a role of Beneficiary Management and Contracting and Quality Assurance Division.

241. She explained that as per the Public Procurement and Asset Disposal Act, Cap. 412C contracting of advocates was conducted through prequalification of bidders through open tender. She was however not at the NHIF in 2018 during the contracting of MMA advocates and the MTRH Loan processing.

SUBMISSIONS BY MR JOSEPH TANUI, FORMER AG. HEAD FOR ADMINISTRATION HUMAN RESOURCE, NHIF

242. Mr Joseph Tanui, former Ag. Head of Administration Human Resource appeared before the Committee on 13th October 2023 while under oath submitted the following documents:

- (i) The Human Resource Policy and Procedures Manual;
- (ii) The Career progression guidelines; and
- (iii) The SCAC-approved organisational structure.

(a) Report on promotions for the last five (5) years indicating the staff name, designation, advertisement and interviews undertaken for managerial positions and above.

243. During the last five (5) years, a total of thirty-five (35) staff were promoted. Ten (10) of them were in the management category falling under the purview of board appointment while the remaining twenty-five (25) were under the CEO's delegated authority.

(b) Policy Provision

244. The NHIF policy provided for automatic promotion for non-management staff within the common cadre subject to service and performance. For management positions, the provision was to identify vacant positions and advertise them for competitive filling. However, for the year 2020 management confirmations were put into effect even though there were no advertisements or interviews done. However, a Board paper on the same had been done and was to form part of the agenda for the Governance and Human Resource Committee of the Board in its meeting on 12th October 2023. The resolution of this Committee would be progressed to the full Board for concurrence and further guidance. Thereafter, management would proceed to implement the Board resolution.

(c) World Bank Report on Human Resource Audit and contacts of the consultant

245. The Office of the Chief Executive Officer received a non-commissioned report from the consultant on 18th October 2023. However, it was clarified that this was not a World Bank report but an NHIF-initiated report with the assistance of the Ministry of Health. The Fund had requested assistance from the Ministry at the time it was undertaking restructuring. A consultant was identified by the Ministry and attached to the Fund. The World Bank only paid for services rendered by the consultant. The consultant's contact was as follows:

Name: CHRP Dorcas Kemunto- Wainaina, OGW

Tel Contact : 07584xxx37

(d) Report on disciplinary cases undertaken in the last three (3) years including the Human Resource Advisory Committee Reports

246. A summary of disciplinary cases undertaken in the last three (3) years involving twenty-seven (27) staff was submitted together with copies of the Committee minutes. The above cases were handled in line with the provisions of the Human Resource and Procedures Manual. Following the reporting of cases to the affected officers, they were informed in writing and accorded an opportunity to respond to allegations raised against them. Those whose explanation was found wanting were given the right to appear before the then Staff Advisory Committee (now the Human Resource Advisory Committee) to clarify some areas. Thereafter, the committee resolutions were endorsed and forwarded to the Chief Executive Officer for approval before implementation.

(e) Report on training undertaken both locally and internationally including the staff who benefitted and the departments they represented

247. Out of one thousand seven hundred and seventy-eight (1,778) employees, the Fund trained one thousand four hundred and one (1,401) employees both externally and locally in the Financial Year 2022/2023.

(f) The report on the recruitment and selection and minutes of the NHIF Board meeting approved the appointment of some staff to permanent and pensionable terms of service while the positions were contractual positions for five years

248. The management was in the process of negotiating terms of service for staff in job group HF 3 and above before implementation. A Board Paper to the Board on this issue has been done. The concerned staff are listed in the table below:

Table 35: Staff approved for appointment on permanent and pensionable terms

S. No	Name	Department	Terms of Service
1	Washington Okoth	ICT	Permanent & Pensionable
2	Phyllis Nyakiba	Corporate Communication & Marketing	Permanent & Pensionable
3	Joseph Tonui	Administration Services	Permanent & Pensionable
4	Fransisca Mwanza	Budget Planning & Financial Reporting	Permanent & Pensionable
5	Dr Samson Kuhora	Benefits Design & Claims Management	Permanent & Pensionable
6	Ali Issack Abdulahi	Provider Management	Permanent & Pensionable
7	Stanley Wambugu Kariuki	Regional Manager	Permanent & Pensionable
8	Gibson Muhuhu	Beneficiary Management	Permanent & Pensionable

249. Through a letter Ref. OP/SCAC.9/60 VOL II/ (69) of 31st August 2020, the NHIF Human Resource instruments were approved by the State Corporations Advisory Committee (SCAC) for implementation (copy of letter attached). Implementation of the same was delayed due to the then ongoing restructuring process in the Fund. Further, through another letter Ref OP/SCAC.9/60 VOL II (89) dated 9th June 2021, SCAC advised that the Fund proceeds with the transition framework and adopt, among others that;

1. *all staff be vacated from the old structure and be transitioned to the new structure horizontally.....*
2. *where terms of service are translated from permanent and pensionable terms to contract terms or vice versa, the Board shall be required to negotiate with the affected employees and mutually agree on the transition terms....*

250. The Board approved implementation of the instruments in November 2022. The management then embarked on the implementation of the instruments with the guidance of SCAC. The mapping framework was developed and approved by the board. Following this, a mapping report had also been done for submission to the Board for approval for implementation.

251. Upon approval by the Board, full transition to the SCAC-approved structure was to be put into effect following which, as guided by SCAC, the Board would negotiate transition terms with the concerned staff. This would be in tandem with the provisions of Section 2.5.3 of the NHIF Human Resource and Procedures Manual which provided that Officers in level HF 2 and HF 3 will be appointed on a five (5) year contract renewable subject to performance.

(g) Detailed report on officers in acting positions and for what duration as well as the positions

252. The NHIF Human Resource and Procedures Manual provided that the acting appointment would be for six (6) months or until the position was substantively filled, whichever was earlier. The Fund at the time of the Inquiry had thirty-six (36) officers in acting positions. Some were appointed as far back as 2017. However, through Memo Ref HF/HR/21 VOL. V/145 dated 5th February 2021, the office of the CEO approved an extension of the acting appointments. During that time, the following had been done to ensure confirmation of the officers;

- (i) The Human Resource Advisory Committee that had been disbanded had been reconstituted with, among others, the mandate to deliberate on the suitability of the acting officers for confirmation.
- (ii) A suitability assessment was done, starting with all acting Branch Managers and the report was submitted to the office of the Chief Executive Officer for further guidance.
- (iii) NHIF had operated without senior management for some time. Some of the alleged fraud issues required a technical officer in NHIF to identify as they required close monitoring, review, and evaluation of medical documents. The Committee sought information on the technical qualifications of NHIF staff deployed in Quality Assurance and claim management.

SUBMISSIONS BY MS RACHEL MWONYONCHO, CHAIRPERSON OF THE BOARD OF DIRECTORS SUB-COMMITTEE ON HUMAN RESOURCES NHIF

253. Ms Rachel Mwonyoncho, the Chairperson of the Board of Directors Sub-committee on Human Resources appeared before the Committee to clarify matters relating to irregular appointments and promotions at the NHIF.

254. She submitted on oath that appointments in acting capacity had been put into effect by the Board after a suitability assessment was conducted. The confirmations of some of the officers who were in acting capacity were however done by the then CEO of the NHIF, Mr Peter Kamunyo without the involvement of the Board. The Committee then requested for copies of the Board minutes on the acting appointments and report on suitability assessment. These documents were however not submitted.

WRITTEN SUBMISSIONS SENT BY MS JACKLINE RUGURU KAGU A KENYAN CITIZEN OF ID No. 23737800, RESIDENT OF NYERI COUNTY, MATHIRA EAST SUB COUNTY, KARATINA WARD AND A MEMBER OF THE NYERI VETERANS

255. On 22nd May 2023, she received a complaint concerning St. Patrick Hospital Karatina. The complainant alleged that sometime last year there was negligence on the side of the management and staff who work in the side facility which led to her premature delivery and the death of her six-month-old son.

256. On 2nd July 2023 after a fact-finding mission, which had unearthed much, she went public through her social media page (Westkagu Jacque) with the information gathered in the view of catching the interest of the right and intended audience since her social media page has a wide following.

257. On that day she was shocked to receive more complaints regarding the same institution. The post attracted an audience which had structures in place to call upon investigation. This audience included the Nyeri County Governor.

258. On 5th July 2023, the victim who had reached out to her and whose story she had shared on her social media page was called upon by the Health Committee Board in Nyeri County where she recorded her statement and gave her documents of proof. Thereafter, several other victims who had shared their complaints against St. Patrick Hospital Karatina were contacted for the same.

259. Among the allegations includes and not limited to:

- (i) NHIF Fraud
- (ii) Running a Pharmacy that is not registered with the Pharmacy and Poisons Board.
- (iii) Mr Patrick Kimuyu is a Clinical Officer and not A Doctor.
- (iv) The facility is not licensed as a hospital facility.
- (v) Sub-standard services.
- (vi) Issuing wrong prescriptions.
- (vii) Giving the wrong diagnosis.
- (viii) Loss of life through negligence
- (ix) Breaking the Confidentiality Code

260. She called upon the Committee to quickly check on the NHIF fraud incidents raised as per the complaints attached. The victims were very ready to provide necessary proof and documents when called upon.

WRITTEN SUBMISSIONS BY THE KENYA MEDICAL ASSOCIATION (KMA)

261. As a representative body for medical professionals, KMA is dedicated to ensuring the highest standards of healthcare delivery and advocating for necessary reforms within the healthcare sector. In this regard, within its mandate, KMA proposes two areas for reforms at the National Hospital Insurance Fund (NHIF), namely governance and regulation, and investments in digitisation/ICT systems.

Governance and Regulation

262. Healthcare regulation plays a crucial role in ensuring public safety, maintaining and improving quality, establishing entry requirements, achieving equity, and enhancing the efficiency of health systems. The correction of market failures and the NHIF's vision to be the trusted and valued partner in securing the health of the community cannot be achieved without effective regulation. It is imperative to have standards of professional practice regulated by a sizable and influential group of professionals within the institution.

263. Thus, self-regulation has been identified as one of the main regulatory approaches through which quality and public safety can be achieved with the support of mandated professional associations.

Recommendations:

264. As the Kenya Medical Association, we extend our support, technical know-how, and expertise to the NHIF in enhancing governance and regulation. We recommend the following actions.

a) Collaboration with Professional Associations:

265. NHIF should actively engage and collaborate with professional associations such as KMA to develop and enforce standards of professional practice. By involving relevant stakeholders, NHIF can benefit from their expertise, ensuring that healthcare services provided through the insurance scheme meet the highest standards.

b) Strengthening Oversight Mechanisms:

266. NHIF should establish robust oversight mechanisms to monitor and enforce compliance with regulatory standards. This includes conducting regular audits and inspections, as well as taking appropriate actions against non-compliant healthcare providers. By doing so, NHIF can safeguard public safety and promote the delivery of quality healthcare services.

c) Quality Assurance:

267. NHIF should provide Clinical Practice Guidelines for use by the NHIF Preauthorization staff in their work. Conduct regular Continuous Professional Development through Continuous Medical Education for NHIF Clinical staff to improve the quality of clinical decisions made. Provide technical support to NHIF in its cost-containment efforts, ensuring quality is never compromised while trying to lower costs.

d) Investments in Digitisation/ICT Systems

268. The NHIF acknowledges that the healthcare industry is prone to fraud, wastage, and abuse, with an estimated annual loss of 29% to 32% due to medical fraud. Considering that NHIF has a benefit pay-out ratio of approximately 90% each year, these losses are significant. Moreover, the lack of full automation in claim processes and the absence of integration between healthcare provider ICT platforms and the NHIF system contribute to significant inefficiencies.

Recommendations:

269. KMA recommends that NHIF invest in digitisation and ICT systems to improve efficiency, reduce fraud, and enhance service delivery. The following actions are proposed.

a) System Integration:

270. NHIF should prioritize the integration of healthcare provider ICT platforms with its system more so facilitate efficient data exchange between providers and the NHIF. By embracing digitization, NHIF can ensure transparency, accuracy, and accountability in its operations.

b) Fraud Detection and Prevention:

271. NHIF should adopt advanced data analytics tools to detect and prevent medical fraud. By leveraging technology, NHIF can analyse large volumes of data, identify irregularities, and take prompt action against fraudulent activities. This will safeguard the financial sustainability of the NHIF and promote trust among beneficiaries.

c) Recruitment of trained and competent healthcare providers

272. NHIF should employ trained and competent healthcare providers to do preauthorisation and pay claims including enough doctors and retain consultants from the various specialties to help in approval process.

d) Stakeholder Training and Engagement:

273. NHIF should provide comprehensive training programs to healthcare providers on the proper utilisation of integrated ICT systems. This will ensure smooth adoption and optimal utilization of the digitized processes, leading to improved efficiency and accuracy in claims processing. Additionally, with high apathy towards health insurance, advocacy efforts via effective communication channels to beneficiaries and households are needed to promote sustainability of the fund.

Conclusion

274. The Kenya Medical Association is committed to the welfare of doctors and the delivery of quality healthcare for all in Kenya. We strongly recommend that the NHIF focuses on governance and regulation, as well as investments in digitization/ICT systems to improve the efficiency, accountability, and quality of healthcare services. By implementing these reforms, NHIF will not only enhance its operations but also contribute to the overall improvement of the healthcare sector in Kenya. The Kenya Medical Association stands ready to provide its support, technical expertise, and collaboration to achieve these objectives.

WRITTEN SUBMISSIONS BY KHADIJA ALI, AN EMPLOYEE OF NHIF

275. The process of claims payment is initiated from the health facilities with confirmation of the provision of treatment and related services, as the contract signed between NHIF and Health facilities. The amounts to be paid are costed and contained in the Benefits Schedule of the contract.
276. The facility is expected to submit clinical notes on the treatment plan and supporting diagnostic notes and films for approval by the Case Management Division of NHIF, headed by the manager Case Management, who is the final and overall decision maker on preauthorisation and approvals of the requests submitted by the facilities for payments of claims.
277. NHIF pays out over 90% of the Ksh80 billion amounting to approximately Ksh72 Billion paid to all healthcare providers. A significant amount, that is over 80% of the payouts are approved under the stewardship and authority of the Case Manager Ms Judith Otele.
278. According to a very reliable source, the said Case Manager supervises around 15 case management officers stationed at the head office. The manager, Ms Judith Otele is also involved in approving surgical and other pre-authorised requests, internal audit has failed to flag her involvement in approvals as a risk. Of great concern is her role in the 6 facilities recently captured in expose.
279. Over 60% of the cases approved were done by her. She is married to one Dr Willy Humphrey Otele, a Urologist by practice (Registration Number A3165) who does surgeries in many hospitals across the country including some of the facilities involved in fraud activity recently exposed, surgeries of high value that are cleared and approved by the stewardship of her wife Judith Otele the Case Manager of NHIF.
280. This is a huge conflict of interest that the Fund's HR Department should have pointed out and handled. She operates with a lot of impunity and any staff that questions her conduct is viewed as an enemy of the system and he/she is transferred. For instance, one was transferred in August 2021 for refusing to pay a single claim worth Ksh3.3 million approved by Judith Otele.
281. The said claim was paid immediately the Branch Manager was moved. Of all the officers in the Fund, she mostly works from home and no one questions her absence from work. Colleague staff fears her.
282. For overseas claims, she approves the Guarantee of Payments (GOPs) that are not backed by any policy document and NO standard operating procedures (SOPs). She has sabotaged any effort to put such processes in place. She works with some cartel overseas hospitals mostly in India to agree on treatment costs for patients and goes ahead to approve Guarantee of payments (GPOs) and continues to amend some while the patient is still receiving treatment abroad. NHIF goes ahead to make payments directly to this hospital as per the GOP's issued, notwithstanding the risk involved. Her

movement/travels in and out of the country especially to India is so often on personal invitation by such overseas hospitals doing marketing.

283. Some of her records of travel can be obtained from the HR Department. Her husband who is a practitioner in the medical field has recruited cartel consultant doctors to refer patients outside the country at a fee. Such referral cases are eventually cleared and a guarantee of payments is issued by Case Manager Judith Otele.

284. Therefore, the Committee on Health must be provided with the data on preauthorisation and approvals by the Management Division, including overseas patient data and who has been approving what and how much, and if the approvals are with rate, as costed in the benefits schedule of the contract.

4.2 ANALYSIS OF FACILITIES MENTIONED IN THE MEDIA EXPOSE

4.2.1 ANALYSIS OF JOINT KMPDC AND NHIF AUDIT REPORTS

1. JEKIM MEDICAL CENTRE

A. Background

285. Jekim Medical Centre is licensed by KMPDC, REG No 003416 (issued on 29th November 2022) to operate as a private medical institution at Level 2 (No inpatient services). This facility is related to Jekim Hospital Nkubu Ltd in Nkubu Market, Meru County. It offers comprehensive cover for outpatient and dental services to eligible NHIF beneficiaries.

286. Following the NTV investigative expose titled “NHIF heist: Rogue Hospitals Exposed, We Steal God Heals”, Jekim Medical Centre was accused of allegedly organising the medical camps amounting to induced demand. At these camps, the Centre identified patients in need of specialised treatment and referred them to Jekim Hospital Nkubu Ltd for tests and X-rays. These patients were later ferried to Joy Nursing and Maternity Eastleigh Limited and St. Peters Orthopaedic and Surgical Speciality Centre for surgeries.

287. Further, the facility was accused of demand-induced arrangements with schools where they offer free transport to and from schools and snacks and refreshments for students.

288. For the period from 1st July 2021 to 19th June 2023, the facility was paid Ksh7,000,656 by NHIF as indicated below:

Scheme	Number of Claims	Amount Claimed
Edu Afya	3117	3,177,00
Disciplined services	467	685,000
Civil service 2021/2022	395	1,339,399
Civil Service 2022/2023	521	1,667,737
Kenya National Library Services	40	64,700

Office of DPP	17	61,170
Multimedia University	1	5650
B. S		7,000,656

c

chedule of payments

- (i) Annual capitation for the beneficiary of the National Scheme at Ksh1000
- (ii) Annual capitation for a beneficiary of the managed schemes without limits at Ksh2,850
- (iii) Fixed fees for services for outpatient to beneficiaries of select management schemes. *Edu Afya* Ksh1000
- (iv) Limits apply to beneficiaries of managed schemes with annual allocated limits.
- (v) All beneficiaries in managed schemes including *Edu Afya* access specialised laboratory investigations based on preauthorisation.

C. NHIF Audit Finding

Accusation	NHIF Audit Finding	KMPDC	Facility Response	Amount to be recovered
The facility was making claims using the wrong Internal Classification of Diseases Code	58 claims totalling Ksh58,000 wrong ICDS. 171 cases amounting to Ksh295,224 had no vital signs	<ul style="list-style-type: none"> ▪ The facility is registered and licensed as a Level 2 by KMPDC. ▪ The workload is very high vis-a-vis the staffing levels. ▪ NHIF systems were closed so didn't verify information. 	Clerical Error Vitals were done but not recorded due to huge workloads.	Ksh360,698
Missing records	20 sampled patient files amounting to Ksh65,474 were not availed		They have employed a trained health records officer	
Students transported from schools	15 out of 21 confirmed having been picked from school		School principals call the facility to plan to avoid clogging	
	13 schools had Jekim medical pre-printed leave-out sheets.			

2. JEKIM HOSPITAL NKUBU LTD

289. Jekim Hospital Nkubu Ltd is licensed by KMPDC, under Reg/ No.016774 to operate as a Level 4 private medical institution. The facility is located in Meru County, Imenti South Sub-county. The facility had a valid comprehensive contract for the provision of healthcare services to beneficiaries of the National Health Insurance Fund in FY 2022-2024.

Services allowed to be offered regarding the contract with NHIF

290. Jekim Hospital Nkubu Ltd is contracted to offer various services namely outpatient, inpatient, dental, optical, and radiological services (x-ray and ultrasound), maternity packages (*Linda Mama* services) and surgical packages (major and minor surgeries).

Accusations

291. NHIF and KPMDC inspected the facility following the NTV investigative expose titled "NHIF Heist: Rogue Hospitals Exposed, We Steal God Heals". It was alleged that the facility had offered radiological services and X-rays to demand-induced patients from medical camps.

Findings by KMPDC

- (i) The facility is registered and licensed as a Level 4 by the Kenya Medical Practitioners and Dentists Council.
- (ii) The facility was found clean at the time of the inspection with adequate infrastructure for the level granted.
- (iii) The services offered conform with Level 4.
- (iv) The NHIF systems were closed (contract cancelled) thus difficult to verify information at the time of inspection.
- (v) The facility was not operational at the time of the inspection (had complied with the directive issued).

Recommendations by KMPDC

- (i) To continue operating as a level 4 facility
- (ii) The Council to re-inspect the facility within the next three (3) months.
- (iii) KMPDC to lift the suspension on the facility license.
- (iv) NHIF to investigate the issues raised.

Audit Findings by NHIF

- (i) Harleys and Smith company provides the arthroscopic machines to perform arthroscopic procedures since Jekim Hospital Nkubu Ltd has no arthroscopic machines.
- (ii) Jekim Hospital Nkubu Ltd subjected NHIF to a loss of Ksh4,700,000 due to anomalies ranging from the incomplete register, the facility not having the capacity to offer arthroscopic, meniscectomy and chondroplasty, an omission in the recording of the patients' names in the theatre's register and performed procedures not in the contract and unnecessary visits due to induced demand thus increasing unwarranted benefits.
- (iii) Jekim Hospital Nkubu Ltd and Ruai Family Hospital (RFH specialist) did not follow referral protocol while taking X-rays and admitting patients from referring doctors or hospitals.
- (iv) A sample size of 82 inpatient files was verified and anomalies were identified in 20 of unwarranted admissions and long stays. A financial loss of Ksh262,000 due to unwarranted admissions and long stays were identified.
- (v) There was excess bed capacity against the approved capacity of 80 beds exposing NHIF to loss of funds equivalent to Ksh403, 000.

- (vi) Review of 50 sampled outpatient files revealed that 22 had their diagnosis not tallying with the history of presenting illness and unnecessary laboratory services which led to financial loss of Ksh114, 745.00 by NHIF.

Recommendations by NHIF

- (i) The Ag. Director Beneficiaries and Providers Management to liaise with Ag. Director ICT to enhance the system such that notification is within the approved bed capacity and additionally to ensure that the facility refunds Ksh403,000.
- (ii) The Head of Provider Management to ensure the facility refunds Ksh114,745.00 accrued through diagnosis that did not tally with the history of presenting illness and unnecessary procedure. The facility to also refund Ksh262,000 due to unwarranted admissions and long stays.
- (iii) The NHIF Management should remove or extract the arthroscopic procedure from Jekim Hospital Nkubu Ltd Limited contract and matrix until they acquire an arthroscopic machine and re-assessments done to confirm the same.
- (iv) The Head, Provider Management to ensure Jekim Hospital Nkubu Ltd refunds Ksh4,700,000 for anomalies ranging from incomplete register, facility not having capacity to offer arthroscopic, meniscectomy and chondroplasty.
- (v) Both Jekim Hospital Nkubu Ltd and RFH specialists to be suspended for failing to follow referral protocol while taking x-rays and admitting without referral letters from referring doctor or hospitals.

3. JOY NURSING AND MATERNITY EASTLEIGH LIMITED

292. Joy Nursing and Maternity Home, operating as Joy Nursing and Maternity Eastleigh Limited, is a private health facility licensed to function as a Level 4 hospital. It is situated in Eastleigh, adjacent to the Mathare slums in Nairobi County. The facility has a total inpatient bed capacity of 20.

293. According to Level 4 facility licensure requirements, the following criteria must be met: a minimum of 24 beds with at least 6 beds allocated to each ward (female, male, paediatric, and maternity). Additional services should include comprehensive outpatient care featuring a minimum of 4 resident specialists, particularly in the fields of general medicine, paediatrics, gynaecology and surgery. These specialists should offer medical case management, paediatrics, obstetrics, and gynaecology care and both surgical outpatient and inpatient care.

294. Additionally, a Level 4 facility should possess a Class D laboratory licence, a blood transfusion unit, a fully operational radiology unit, a functional maternity theatre, advanced life support for emergency care, and mortuary and autopsy services. This facility however does not have resident physicians, paediatricians, gynaecologists and surgeons as per the Kenya Quality Model for Health (KQMH) guidelines.

Services Provided Under NHIF Contract

295. Joy Nursing and Maternity Eastleigh Limited held contracts covering the 2018-2021 contract cycle which were later extended to 30th June 2022, and the 2022-2024 contract cycle. Under these contracts, the facility was authorised to provide the following services:

- (i) Provision of outpatient capitation services to NHIF Beneficiaries under the National and Managed Scheme.
- (ii) Provision of outpatient Fixed Fee for Services to *Edu Afya* at Ksh1,500 per visit.
- (iii) Provision of outpatient Fixed Fee for Services to National Police Service and Kenya Prisons Service Scheme at Ksh2,000 per visit.
- (iv) Provision of inpatient medical care and treatment on a rebate basis to National and Managed Scheme beneficiaries at Ksh3,000 daily.
- (v) Provision of comprehensive surgical services to National and Managed Scheme beneficiaries as per the contracted rates.
- (vi) Provision of *Linda Mama* benefit package at Ksh6,000 (normal delivery) and Ksh17,000 (C-section deliveries).
- (vii) Dental and optical benefit packages to National and Managed Scheme beneficiaries as per the contracted rates.

Accusations against Joy Nursing and Maternity Eastleigh Limited

296. The facility faced several allegations including:

- (i) Failure to adhere to contractual terms and obligations with NHIF.
- (ii) Indictment for ferrying patients from Meru and Tharaka Nithi areas and allegations of patient inducement.
- (iii) Claims of patients being induced with monetary cash rewards of between Ksh2,000 to Ksh8,000 to register their biometrics at the facility enabling the hospital to claim for surgical procedures.
- (iv) Submission of non-authentic claims to NHIF from July 2021 potentially exposing NHIF to fraud.
- (v) Discrepancies between the dates of admission and discharge in hospital and patient files.

NHIF Audit Findings and Recommendations

- (i) From July 2021 to 25th May 2023, the facility filed a total of 6,707 claims valued at Ksh368,868,453, with 2,698 claims worth Ksh3,835,164 for outpatient care and 4,009 claims worth Ksh365,033,289 for inpatient care.
- (ii) Major surgeries accounted for 2,397 claims worth Ksh297,807,999, while 832 claims worth Ksh59,285,090 were under case code 30 (managed schemes), and 77 claims worth Ksh2,335,000 were for minor surgeries under case code 06.
- (iii) There were also allegations of inducements for biometric registration for surgical procedures.

The investigation yielded several findings and accusations, including:

- (i) Patients being taken to Jekim Hospital Nkubu Ltd for X-rays and then transported to Joy Nursing and Maternity Eastleigh Limited for further treatment, with no surgeries conducted.
- (ii) There was confirmation from 13 telephone calls from patients suspected of being ferried to the facility who also reported no surgeries being performed.
- (iii) Discovery of 5 surgical procedures totalling Ksh650,000 conducted at the facility outside the scope of the services and the signed contract.
- (iv) Inability to retrieve 201 patient files worth Ksh25,495,020 from patient medical records.

- (v) A review of 1,137 claims from 1st September to 30th April 2023 indicated potential ferrying and authenticity issues, with preauthorisation for surgeries conflicting with non-surgical MOH diagnoses.
- (vi) The falsification of 54 radiology films and a report worth Ksh7,010,000, with manipulated preauthorisation documents to justify surgical procedures such as ORIF.
- (vii) Doctors requesting surgical procedures, sometimes with falsified radiology reports, but their names do not appear in the theatre register.
- (viii) Billing for surgical services that were never rendered, supported by claims from 60 members who confirmed no surgeries were performed, and an additional 38 members with similar claims.
- (ix) Members alleging inducements, ranging from Ksh2,000 to Ksh8,000, to register their biometrics for surgical procedure claims.
- (x) Claims that members from Meru and Tharaka Nithi were assessed at Jekim Hospital Nkubu Ltd in Meru County before being transported to Joy Nursing and Maternity Eastleigh Limited in Nairobi, corroborating media exposure allegations.
- (xi) Payment of Ksh18,750,000 for 145 claims related to ferried patients and inability to access 637 preauthorisation documents and attachments worth Ksh78,455,000 due to empty NHIF system files.
- (xii) Pending claims on the NHIF system totalling Ksh78, 172,000 for the audit period, casting doubt on their validity and recommending verification by the NHIF Head of Provider Management.

Recommendations from the NHIF Audit

- (i) Seek a refund of Ksh25, 495,020 for 201 patient files that the hospital was unable to prove services were rendered, in contravention of Clause 2.10 of the contract.
- (ii) Seek a refund of Ksh7, 010,000 arising from falsified X-rays and radiology services reports, violating Clause 16 on corrupt and fraudulent practices.
- (iii) Seek a refund of Ksh18, 750,000 for claims paid for patients ferried from Meru, Tharaka Nithi, and Embu, violating clause 2.1.8 and the Kenya Health Sector Referral Implementation Guidelines.
- (iv) Seek a refund of Ksh7, 790,000 for 64 files with claims paid to the facility but differing procedures as per clinical medical review.
- (v) Seek a refund of Ksh650, 000 for claims paid for services rendered at Mother and Child Hospital but paid to Joy Nursing and Maternity Eastleigh Limited.
- (vi) Collaborate with government agencies for further investigation and validation of 178 files worth Ksh22, 587,460, suspected to be newly created with discrepancies in patient data and signatures.
- (vii) Institute an investigation against Mother and Child Hospital to determine the extent of surgical procedures claimed by Joy Nursing and Maternity Eastleigh Limited.
- (viii) Initiate disciplinary action in accordance with the Human Resource Policy and Procedure Manual against specific individuals in NHIF for not observing due diligence while processing claims, resulting in a loss of Ksh64, 430,020.
- (ix) NHIF Board should consider unilateral termination of the agreement, revoking the healthcare provider's declaration, or legal action against Joy Nursing and Maternity Eastleigh Limited for contract breach, as outlined in clause 16.2 of the contract.

4. ST PETERS ORTHOPAEDIC AND SURGICAL SPECIALITY CENTRE

297. St. Peters Orthopaedic and Surgical Speciality Centre is a licensed private medical institution per Rule 5 of the Medical Practitioners and Dentist Rules. This licence entitles the facility to operate as a Private Level V hospital in Kiambu County, with a maximum number of 180 in patients.

298. The services offered at the facility as per the NHIF contract were.

- (i) Outpatient Care Package -The beneficiaries must be beneficiaries in the managed scheme with an allocated annual limit for outpatient cover.
- (ii) In Patient Package - Beneficiaries must be beneficiaries of the National and Managed Schemes
- (iii) Surgical Benefit Package - The beneficiary must be a beneficiary of the National and Managed Schemes.

299. The NHIF CEO had directed the NHIF Internal Audit team to investigate the facility following the previous Audit Report and media exposure of impropriety. Two auditors and two quality officers were appointed to investigate the claims lodged against the facility.

Allegations of the previous audit

300. There were three complaints regarding the facility namely:

- (i) Cancellation of patient length of use since there was no surgery done.
- (ii) A team of staff from the facility wooed old people for treatment in Masinga Sub-county, Machakos County.
- (iii) A lady posing as a doctor wooed elderly people with NHIF cards in Meru County and Mount Kenya Region for surgical procedures.

301. Following a review of the Audit Report and documentation submitted in respect of surgeries between 1st January 2021 to 2023, the following observations were made:

- (i) The facility received the highest amount of Ksh1,632,461,500.10, representing 22.8% of the total amount of claims paid by NHIF.
- (ii) 92% of the claims were on major surgeries and specialised surgeries. Minor surgeries accounted for 3.8%.
- (iii) 57 claims of Ksh11, 729,500 had different dates of admissions between NHIF records and hospital files.
- (iv) 77 of these surgeries were elective since patients had no medical notes or referral letters. Only 5 were referrals.
- (v) Hospital records accounted for 73 admissions with 9 missing cases in the patient files.
- (vi) The facility was given a specialised surgery package during the preparation cycle contract, yet it was not part of the instructions from the Benefit and Contracting Department (The facility admitted that it was a Level IV facility.)
- (vii) Unwarranted payment of 1265 claims worth Ksh379, 920,000. Despite being non-comprehensive by virtue of being type C. The facility offered outpatient, in-patient and surgical packages contrary to the communication from the Benefits and Contracting Department.

- (viii) The facility has been selectively implementing the contract by doing surgical procedures with no outpatient services offered to capitate members and maternity services.
- (ix) The Directorate of Beneficiary and Provider Management changed the facility status from contract type C to type B. The Audit observed that there was no policy to guide change of facility contract type.
- (x) The facility maintained different registers for surgical cases and anaesthesia.
- (xi) Discrepancy between dates of admission and dates of discharge in the hospital files and patients' files.
- (xii) The facility ferried 10 patients from their homes to the facility to undergo surgeries, this is in addition to the eight confirmed in the first audit, totalling 18 patients.

302. It was not clear whether the facility was operating as a Level 4 hospital or a Level 5 as there were so many conflicting reports on the status of the hospital.

303. During the period under review, a total of 608 specialised surgeries totalling Ksh175, 980,000 and 676 major surgical cases totalling Ksh12, 479,000 claims were lodged.

5. AFYA BORA HOSPITAL

304. Afya Bora Hospital is a private healthcare facility licensed by KMPDC Reg No. 006350 (issued on 18th January 2023), to operate as a Level 4 private medical institution. It is located at Wanguru Market in Mwea, Kirinyaga County. It was initially suspended in 2021 for engaging in suspected fraud, wastage and abuse. The suspension was later lifted in September 2022, after investigations by DCI found them not guilty.

305. Afya Bora Hospital and Afya Bora Hospital Annex are both managed by the same Administrator/Director, share key personnel and file registry. Patient files contained documents with logos that belonged to both facilities and had been used interchangeably within a single file.

306. The facility offered comprehensive cover for outpatient, inpatient, surgery, *Linda Mama*, *Edu Afya*, optical and dental services to eligible NHIF beneficiaries.

Accusations

307. In November 2022, NHIF Directorate of Internal Audit received a complaint through the fraud email about a medical heist where several ailing senior citizens, eager to receive treatment and ease medical bills were duped into free medical treatments. Elderly people suffering from arthritis and holders of active NHIF cards were convinced, using various deceitful tactics, to travel to the health facilities on the pretence they would receive free medical services including surgery. However, when patients were discharged, NHIF later paid inflated costs for treatment received at the health facility.

308. Further, following the NTV investigative expose Afya Bora Hospital was accused of allegedly organising the medical camps (Induced demand), identifying patients in need of specialised treatment and referring them to the hospital for tests and consequently surgeries.

309. In 2023 alone, the facility was accused of undertaking several surgical procedures in a single day. For instance, on 7th February 2023, 21 cases were done even though the facility only had 2 theatres and all these cases were done by one orthopaedic surgeon, Dr Allen Sunny Deol of Registration No. C0001438. The facility was thereafter paid Ksh7, 499,000 irregularly for the cases.

310. In the 2021 suspension, the facility was found to have misappropriated Ksh12, 404,000.

NHIF AUDIT FINDINGS

- (i) There was no surveillance reports from January to June 2023 despite the high number of hospital admissions (mostly surgical) recorded.
- (ii) A review of 17 cases out of the 28 long stays indicated the cases secured admissions following a discharge from Afya Bora Hospital Annex hence raising the possibility that it claimed both rebate and package.
- (iii) 5 cases were admitted at the facility before being taken for a surgical procedure at Afya Bora Hospital Annex.
- (iv) Inadequate surveillance at the Mwea NHIF office that may have led to payment of unconfirmed claims.
- (v) Payment of unauthorised long stay and late claims and weakness of the e-claim system which allowed backdating of notification numbers by staff that had not been issued with login rights.
- (vi) Facility claimed for major surgeries worth Ksh26, 090,000 and 18 minor surgeries worth Ksh410,000 for the period under review (Jan-May 2023). Major surgeries accounted for 94% of what the facility claimed from NHIF.
- (vii) A review of sampled 113 files for surgical claims revealed that 55 cases were done before the requests could be approved by NHIF while the remaining 58 were done after approval as required.
- (viii) Forty-Eight (48) surgeries done before approval were for arthrotomy (not an emergency) amounting to Ksh3, 840,000.
- (ix) The team also confirmed that a total of 77 cases (done before and after approval) were arthrotomy and 10 were for open reduction and internal fixation while the remaining 12 were charged at rebates arising from rejected pre-authorizations.
- (x) In the patients' care plan, physiotherapy was prescribed but there was no evidence of physiotherapist's reviews.
- (xi) Review of the theatre register indicated that 15, 21, 12, 10, 15, and 9 surgical procedures were done on 22/01/2023, 07/02/2023, 03/04/2023, 27/03/2023, 27/01/2023 and 30/01/2023 respectively thus raising concern on quality and capacity of the facility to conduct such high number of surgeries by one surgeon Dr Allen Sunny Deol within a day.
- (xii) There was no physiotherapy infrastructure to support the orthopaedic procedures being performed.
- (xiii) Twenty –two (22) members who underwent arthroscopy were interviewed through a questionnaire and stated that they were given injections while 19 indicated that a small cut was done, and medicine was injected in procedures that took few minutes.

NHIF Audit Recommendation

The facility engaged in fraud due to inadequate surveillance at the Mwea NHIF office which may have led to the payment of unconfirmed claims.

6. AFYA BORA HOSPITAL ANNEX

311. Afya Bora Hospital Annex is a sister facility to Afya Bora Hospital as indicated in the audit reports conducted by NHIF. The two facilities are about 20 meters apart and operate in many respects like one single facility. Its registration number is 015799 and it operates at Level 4B. It is located in Wanguru Market in Mwea, Kirinyaga County. It was contracted to offer comprehensive cover for inpatient, outpatient, *Linda Mama*, surgery, dental and optical services to NHIF beneficiaries.
312. The facility has three varying KMPDC operating licenses under serial No. 48305, one indicating it as a level 4B (specialised treatment centre), another level 3B (nursing home) and the other level 4, all signed by different KMPDC officers. KMPDC did not respond to this.
313. Afya Bora Hospital and Afya Bora Hospital Annex are both managed by the same Administrator/Director, share key personnel and file registry. Patient files contained documents with logos that belonged to both facilities and had been used interchangeably within a single file.

Accusations

- (i) Following the NTV investigative expose, the facility was accused of allegedly organising medical camps (Induced demand), identifying patients in need of specialised treatment and referring them to the hospital for tests and consequently surgeries.
- (ii) The facility had conflicting KMPDC operating licenses for the period 2021, 2022, and 2023, for different KEPH levels.
- (iii) The facility was paid a total of Ksh13, 670,000 by NHIF. Seventeen (17) long-stay cases secured admissions at Afya Bora Hospital following a discharge from Afya Bora Hospital Annex, hence suspected to have claimed both rebate and package.
- (iv) 5 cases were admitted at the facility before being taken for surgical procedures at Afya Bora Hospital Annex (a sister facility) contrary to clause 16.1.2 of the signed contract.

NHIF Audit Findings

- (i) Inspection conducted on 22nd June and 6th July 2023 confirmed that the facility had a bed capacity of 41 and NHIF records indicated 40 beds. However, the KMPDC operating license indicated 60 beds.
- (ii) A review of system records as of 25th June 2023 showed that the facility had been paid 2,379 claims totalling Ksh386,521,400 in the period under review, where specialised surgery was the majority with 924 claims amounting to Ksh281,790,000 (73%) of the total amount paid.

Case code	Package	No. or Records	Claim Total	%
00	Inpatient	507	8,621,400	2.2
06	Minor Surgery	137	5,386,000	1.5
07	Major Surgery	811	90,721,000	23.4
15	Specialised surgery	924	281,790,000	72.9
	Total	2,379	386,521,400	100

- (iii) 1,872 out of the total 2,379 were surgical claims amounting to Ksh377,900,000 relating to the period January 2022 to 25th June 2023.
- (iv) A visit to the facility on 22nd June 2023 and 6th July 2023 and a review of 77 sampled clinical files amounting to Ksh18,210,000 revealed the following:
- Forty-five out of 77 cases were specialised surgeries and 32 major surgeries.
 - All 77 clinical files lacked discharge summaries while 76 lacked X-ray or radiological reports.
 - Late notifications and procedures carried out before preauthorisation approval amounted to Ksh6,920,000.
 - Claims amounting to Ksh12,340,000 were for procedures done before preauthorisation approval, late notifications, and member details not in the theatre register.
 - 56 clinical files had consent forms not witnessed by next of kin, three were not filled/signed by either patient or next of kin, and six lacked consent forms.
 - Dr Kevin Ongeti reg. No. A6753, whose credentials were missing from KMPDC register of practitioners, carried out three surgical procedures.
 - The facility did not have an X-ray machine. X-ray services were sought from Afya Bora Hospital, under a service level agreement signed by two managers, Mr Kennedy Murimi and Mr Erick Orina, who were both employees of Afya Bora Hospital Annex and none from the other sister facility.
 - All 77 clinical files sampled lacked physiotherapy forms and notes to indicate post-operative care was offered to patients.
 - All 77 patients were not referral cases, and most were capitated from elsewhere.
 - The facility has a shared receiving and recovery area in the two theatres.
 - Thirty beneficiaries out of 31 confirmed being ferried to the hospital after attending organised medical camps by Afya Bora Hospital Annex in various places including Machakos, Embu, Kirinyaga and Murang'a counties.
 - On 3rd July 2022, the hospital conducted 22 surgeries while on 18th January 2023, it conducted 16 surgeries.
 - Ten NHIF beneficiary payments were made by Afya Bora Hospital and Afya Bora Hospital Annex staff through their personal cell phone numbers.

NHIF Audit Recommendation

The hospital engaged in fraud due to inadequate surveillance at the Mwea NHIF office that may have led to the payment of unconfirmed claims.

7. AMAL HOSPITAL LIMITED

314. Amal Hospital Limited is a Private Practice-Medical Specialist Level 4 hospital located in Eastleigh South (Biafra Shopping Centre, Section 3 Opposite Zawadi Primary School)

Kamukunji in Nairobi County. As of 2021, the facility was fully operational with a capacity of 6 beds. It is regulated under registration number 27807.

315. After the NTV expose, KPMDC officers visited the facility and established that although it was licensed as a Level 4 hospital, the facility did not meet the minimum set requirements for this level at the time of inspection. Among other observations, it was also noted that the facility filled NHIF request form on behalf of patients.

316. NHIF had suspended the hospital for engaging in fraudulent practices of altering and falsifying information in collusion with members to defraud the Fund and obtain benefits to the tune of Ksh11, 453,000 of which Ksh8, 063,000 had been paid to the facility. Another Ksh3, 000,000 in payment was made for the claims sampled translating to 96.6% fraudulent claims. Consequently, the facility was suspended from offering services to NHIF beneficiaries.

317. A review of system records revealed benefits access and utilisation patterns where the facility lodged surgical preauthorisation requests for many employees of the same employers. The highest beneficiaries per employer on surgical procedures were:

- (i) Self-employed 56
- (ii) Ministry of State for Youth Affairs 23
- (iii) Kenya Kazi Services Ltd 12
- (iv) Africa Apparels EPZ Ltd 12
- (v) Ministry of Home Affairs-Prison Department 11
- (vi) Bob Morgan Services Ltd 8
- (vii) Machakos County 8
- (viii) Office of the President-Police 7
- (ix) Securex Agencies (K) Limited 7
- (x) Sekura International Ltd 6
- (xi) Office of the President-Administration 6
- (xii) Hatari Guards 6

318. The Audit team conducted interviews with some of the employees of these entities and it was established that the staff were at work and not admitted yet they had their biometrics taken at the facility.

8. BEIRUT PHARMACY AND MEDICAL CENTRE

319. Beirut Pharmacy and Medical Centre is a Private Practice Level 4 located in Airbase (Eastleigh 8th Street 2nd Avenue) Kamukunji in Nairobi County. As of 2021, the facility was fully operational, and regulated by Kenya Medical Practitioners and Dentists Council under registration number 25450.

320. The quality improvement checklist for contracting of health facilities indicated that Beirut Pharmacy and Medical Centre was assessed, and the overall score was 35.5% for both inpatient and outpatient which was below the threshold of 45%. Nevertheless, Beirut Pharmacy and Medical Centre code 80008904 was updated in the NHIF system and issued with a contract for inpatient and surgical services without assessment.

- 321 From 1st January 2022 to 1st June 2023, the hospital submitted a total of 1,706 claims. Out of these claims, 1,592 had been paid, amounting to Ksh153, 439,360, while 114 claims, totalling Ksh13,198,580 were pending payment. Of the paid claims, 858 claims worth Ksh59, 461,360 (38.2%) related to enhanced schemes, 731 claims of Ksh93, 888,000 (61.2%) related to major surgeries, and 3 claims worth Ksh90,000 (0.06%) were for minor surgeries.
- 322 The NHIF Audit found that the facility was engaging in fraudulent practices by altering and falsifying information in collusion with members and defrauding the Fund benefits to the tune of Ksh16,307,000, out of Ksh17,850,000 of claims sampled, translating to 91.4% fraudulent payments.
- 323 NHIF Officers at the Eastleigh Branch failed to carry out due diligence while executing the contract and processing of claims occasioning a loss of funds of Ksh15, 787,000.

KMPDC Findings

- (i) The facility lacked potable water in most service points including the theatre where the theatre staffs were subjected to using basins
- (ii) The facility lacked emergency preparedness protocols and had no emergency trays and no referral mechanisms
- (iii) The facility wards and outpatient departments had poor ventilation and lighting
- (iv) The facility had wanting IPC measures, with a lack of colour-coded bin liners, no running water, and poor drainage
- (v) The maternity ward had no running water, no drainage area, no macerator, no emergency drugs, and no emergency preparedness measures e.g., Ambu bags.
- (vi) The facility lacks a macerator
- (vii) The lab had several expired reagents, no running water, no IQCs, poor documentation and sample labelling, and storage of donor blood was done in the same fridge as the reagents
- (viii) The Lab also lacked documentation relating to the servicing and calibration of the equipment.
- (ix) The pharmacy met the minimum set requirements
- (x) The operating theatre was wanting in infrastructure, set up and infection control
- (xi) The wards were substandard and lacked running water
- (xii) Review of patient files revealed wanting patient management documentation
- (xiii) The facility did not have standing contracts with visiting consultants
- (xiv) The facility contract with the NHIF was already cancelled in April 2023 and is under investigation
- (xv) The NHIF had suspended the facility for engaging in fraudulent practices by altering and falsifying information in collusion with members and defrauding the fund benefits amounting to Ksh15, 787,000.
- (xvi) Both Amal Hospital Limited and Beirut Pharmacy and Medical Centre cases were forwarded to EACC for further investigations.

HOSPITAL VISITS BY THE COMMITTEE

1. AFYA BORA HOSPITAL ANNEX AND AFYA BORA HOSPITAL

324. The Committee visited Afya Bora Hospital Annex and Afya Bora Hospital in Wanguru market, Mwea Constituency on 31st January 2024. Members conducted a consultative meeting with the Hospital Administrator, Ms Bernice Wairimu and Dr Wachira Waigoko who admitted that Afya Bora Hospital and Afya Bora Hospital Annex are connected. The latter manages the Afya Bora Hospital while the former manages the Afya Bora Hospital Annex.

325. Both Afya Bora Hospital and Afya Bora Hospital Annex are private healthcare facilities operating as Level 4.

326. The two facilities were managed by the same Administrators/Directors and share key personnel although though they were registered as different entities by the Kenya Medical Practitioners and Dentists Council and contracted separately by the NHIF.



Figure 1: Theatre room in Afya Bora Hospital Annex

327. They both offer comprehensive cover for outpatient, inpatient, surgery, *Linda Mama*, *Edu Afya*, and optical and dental services to eligible NHIF beneficiaries.

Allegations against Afya Bora Hospital Annex

328. Afya Bora Hospital Annex had been accused of having conflicting KMPDC operating licenses for the period 2021, 2022 and 2023 (Different KEPH levels), sharing of branded letter-heads with Afya Bora Hospital, late notification on procedures done before approvals on non-emergency-cases, patients missing in the theatre registers and not putting in place measures and interventions to prevent and manage beneficiaries with comorbid conditions. Additionally, the hospital had been accused of having Dr Allen and Dr Ongeti undertake surgical procedures at the facility before they were registered by KMPDC. The facility was also cited for lodging claims for services not rendered worth Ksh12, 640,000.

Allegations against Afya Bora Hospital

329. The Afya Bora Hospital had been accused of:

- (i) not having physiotherapy equipment despite the high number of orthopaedic procedures carried out at the hospital;
- (ii) making requests for major surgery approvals and performing minor incisions;
- (iii) engaging Dr Allen Sunny Doel to perform surgeries at the facility between January and March 2023 when he did not have a practicing license;

- (iv) undertaking several surgical procedures in a single day for instance on 7th February 2023, Dr Allen performed twenty-one surgeries;
- (v) unwarranted long stays; and
- (vi) Induced demand.

330. The facility had been accused of inducing demand for orthopaedic surgical procedures through outreach programmes, undertaking an abnormally high number of surgical procedures in a single day done using one doctor by Dr Allen Sunny Deol. The latter performed these surgeries between January and March 2023 at a time when he did not have a license.

331. Out of the sampled twenty-eight (28) cases of long stay, seventeen (17) cases had secured admission following a discharge from Afya Bora Hospital Annex hence claiming both rebate and package. There were also instances where patients were admitted at Afya Bora Hospital before being taken for surgical procedures at Afya Bora Hospital Annex. Also, the facility did not have physiotherapy equipment despite the high number of orthopaedic procedures being performed. 77 arthrotomy cases amounting to Ksh6, 160,000 showed that the facility requested approvals for major surgery (arthrotomy with a diagnosis of osteoarthritis) which was approved but the facility performed minor incisions and drug applications or intra-articular injections which were not classified as major surgery.

332. Out of 60 sampled beneficiaries, 44 confirmed that they accessed medical services aimed at the treatment of knee problems at Afya Bora Hospital because of outreach and that they were ferried alongside others to the facility.

333. The Audit report had recommended a refund of Ksh13, 670,000 from Afya Bora Hospital Annex being payment for services not rendered as the procedures could not be verified and suspension of the health facility.

Response to the Allegations on Afya Bora Hospital Annex and Afya Bora Hospital Annex

334. Dr Wachira submitted that he had not conducted any outreach program but only marketed the Afya Bora Hospital using radio and television-related talks.

335. Dr Wachira submitted that the staff and management of the two health facilities had not participated in or organised any medical camps. They had also not conducted any activity that would result in demand inducement or ferried any patients to the facility for treatment.

336. Dr Wachira claimed that he had been informed of medical camps being conducted in Meru, in the name of the two hospitals. He had been forced to put an advertisement in the local radio stations to warn locals that his hospitals were not associated with the medical camp. He further filed a court case against those who were conducting medical camps in the hospital's name.

337. Dr Wachira explained that it was common for hospitals to secure admissions of patients after discharge from another facility due to developed complications or other illnesses that would not be handled by the other facility. He said they had done operations on emergency cases and later made requests to NHIF, as they would not turn away such patients.

338. Dr Wachira submitted that as an orthopaedic hospital, the hospitals majorly conduct surgeries which account for most of the claims they have been lodging with NHIF. He indicated that he closed Afya Bora Hospital and now only runs Afya Bora Hospital Annex, where he only treats cash-patients who are few. He submitted that he has had problems with preauthorisation in NHIF as the process sometimes takes long hence the reason why the facilities have conducted procedures before approvals in some cases such as emergencies.

339. Afya Bora Hospital Annex had scaled down operations in the facility and did not have patients to meet its operating costs. They submitted that upon suspension by NHIF the other medical insurances had also withdrawn from the hospital as mostly they operate on a co-pay with NHIF in relation to inpatient services. The hospital had laid off 198 staff, further suffered immense loss as debtors have auctioned some of the Director's property and has been forced to pay loans for his staff who were laid off whom he had guaranteed.

340. On the allegation that both hospitals did not offer radiology services, Dr Wachira explained that in his view radiology services did not have to be conducted at the facility as other health partners were offering the radiology and imaging services that the patients could access. Dr Wachira further explained that to qualify for KMPDC assessment as a level 4, he demonstrated that the patients would have access to services from another facility.

2. JEKIM HOSPITAL NKUBU LTD

341. On 1st February 2024, the Committee conducted a fact-finding visit at Jekim Hospital Nkubu Ltd located in Nkubu in Meru County. The facility is affiliated to Jekim Medical Centre (have the same directors) although the two facilities have different management teams and are registered as two different entities by KMPDC and separately contracted by NHIF.

Allegations against Jekim Hospital Nkubu Ltd

342. Jekim Hospital Nkubu Ltd, a Level 4 facility, had been accused of incomplete records, allegations of offering radiological services (X-ray) to demand-induced patients from medical camps that later ferried to other hospitals for specialised procedures, incomplete registers, facility not having the capacity to offer arthroscopic,



Figure 2: Jekim Hospital Nkubu Ltd

meniscectomy and chondroplasty services.

343. The facility was also accused of long stays. Additionally, there were claims of induced demand for X-rays without initial tests or referrals and claims that some patients had been lured by the facility and transported from Meru to hospitals in Nairobi and Kiambu for specialised surgeries. The NHIF Audit had recommended the suspension of the hospital and recovery of Ksh5, 589,745 from the hospital.



Response to the Allegations on Jekim Hospital Nkubu Ltd

344. The Director of the facility indicated that they did not know whether the patients had been sent by any specific facility and neither did they conduct medical camps to lure unsuspecting members of the public. They denied having had any relationship with Afya Bora Hospital or St Peter's Orthopaedic Centre.
345. He explained that the hospital did not have an arthroscopic machine and had a contract with Harleys and Smith Company for the provision of the same. The hospital however did not get many cases for its usage and thus the consulting physicians make plans for it when the need arises. He emphasised that the hospital only had three cases that needed an arthroscopic machine in the period under review.
346. The hospital management admitted that sometimes there have been cases of omissions on their records as surgeons forget to enter the details after surgery in their records. The hospital management also admitted that NHIF accredited them with eighty (80) beds, but sometimes when the demand is more, they cannot turn away a patient in dire need of help, and that is why the facility added six (6) extra beds in their maternity wing to cater for such cases.

347. The management noted that the Jekim Hospitals did not conduct unnecessary laboratory tests as it would mean a loss on their side as NHIF only pays Ksh2000 for everything, yet some tests are expensive.



348. The management pleaded that the Jekim Hospitals were completely grounded as their clients depended on NHIF to access medical care. The hospitals have also been suspended by private medical insurance which urged them to sort out their matters with NHIF first.

349. At their peak, Jekim Hospitals had over 10,000 NHIF beneficiaries as clients who had selected their facility and at the time of the Inquiry, cash-paying clients were few which forced them to close their in-patient section. They had about 120 staff that has since been reduced to 18.

Figure 3: Empty Wards at Jekim Hospital Nkubu Ltd

3. JEKIM MEDICAL CENTRE

350. On 1st February 2024, the Committee conducted a fact-finding visit at Jekim Medical Centre located in Nkubu in Meru County. The facility is affiliated to Jekim Hospital Nkubu Ltd (have the same directors) although the two facilities have different management teams and are registered as two different entities by KMPDC and separately contracted by NHIF.

Allegations against Jekim Medical Centre

351. Jekim Medical Centre, a Level 2 Hospital was accused of making claims using wrong ICD codes, missing records, and inducement of students through the head teachers to seek *Edu Afya*-sponsored services in the hospital. Further, the facility was accused of demand-induced arrangements with schools where they offer free transport to and from schools and snacks and refreshments. For the period between 1st July 2021 to 19th June 2023, the facility was paid Ksh7,000,656 by NHIF the highest being *Edu Afya* claims amounting to Ksh3,177,000. The hospital had been suspended from offering NHIF-sponsored services and a refund of Ksh360,698 was recommended.

Response to the Allegations on Jekim Medical Centre

352. The facility Director submitted that the hospital as part of its business was offering externally prescribed X-ray services to clients who paid in cash and did not bill NHIF for the same. He explained that during the period under inquiry, the facility was offering X-ray services at the cheapest rate (as low as Ksh500) in the region, and as such they had served many clients who only required the prescribed X-rays.

353. The Director further submitted that the facility did not conduct medical camps to induce students to come to the facility. Schools organised how students came to the facility on specific days that were convenient for them.

354. He further explained that the facility had had a good working relationship with NHIF in the past which had helped the facility to grow. He then implored the Committee to help the facility to continue giving back to the community as most of their former staff are suffering due to the lack of employment.

4. JOY NURSING AND MATERNITY EASTLEIGH LIMITED

355. The Committee visited Joy Nursing and Maternity Eastleigh Limited, on 29th January 2024. It is a private health facility licensed to function as a Level 4 hospital. It is situated

in a residential apartment in Eastleigh, adjacent to the Mathari slums in Nairobi County. The facility has a total inpatient bed capacity of 20.

Allegations against Joy Nursing and Maternity Eastleigh Limited

356. The facility was accused of inconsistency in categorisation, claims above its physical bed capacity, preauthorisation for surgeries yet diagnosis was non-surgical such as osteoarthritis and lumbago, manipulation of radiology films and reports for preauthorisation as support documents to justify surgical procedures such as ORIF for claims worth Ksh7,010,000, billing for surgical services not rendered (60 members interviewed among the 22 ferried confirmed that no surgeries were conducted for claims worth Ksh5,385,00), and billing NHIF for procedures conducted at different hospitals (for example 5 files amounting to Ksh650,000 were emanating from Mother and Child Hospital which were billed by Joy Nursing and Maternity Eastleigh Limited and settled by NHIF.)

Response to the Allegations on Joy Nursing and Maternity Eastleigh Limited

357. The Hospital Director, Mr Kennedy Otieno, noted that the facility is a Level 4 hospital with a bed capacity of 21 as initially, the facility had 40 beds but when they were expanding, they did not have a theatre and removed some beds to give way for the theatre, optical room and dental rooms.

358. Mr Otieno was adamant that the facility did not licence itself as a Level 4 facility. The facility just applied and was registered as a Level 4 facility after inspection by someone from KMPDC. He further stated Quality Assurance officers from Eastleigh branch, whom he did not know by name, had inspected the facility for accreditation.

359. He explained that patients follow due procedures when they get admitted at the hospital, including having their biometrics taken even for the patients referred to the hospital by their visiting consulting doctors. He noted that surgeons could work in shifts at the hospital, and thus the high number of surgical procedures recorded.

360. Mr Otieno denied any relationship with Jekim Hospital Nkubu Ltd. He also denied that patients were being ferried from medical camps for surgeries at his facility. He however noted that their doctors have not been restricted from bringing their patients to utilise their theatres for various procedures although he had no written agreements with the seven doctors that he had given credentials to use his facility.

361. He denied having been contacted by NHIF over the decision to refund Kshs73,964,470 and instead indicated that the NHIF still owes the facility Kshs78 million.

362. Mr Otieno further submitted that the hospital was not functioning during the site visit as the facility was adhering to suspension of the hospital's licence by the KMPDC. He indicated that KMPDC had suspended the hospital's licence since its theatre did not meet the prescribed requirements.

5. ST PETERS ORTHOPAEDIC AND SURGICAL SPECIALITY CENTRE

363. The Committee held a consultative meeting with the management of St Peters Orthopaedic and Surgical Speciality Centre on 30th February 2024 at the facility

premises. Dr Gerald Wasena, an orthopaedic surgeon trained at the University of Nairobi and director of the facility, submitted that the facility started its operations in Uthiru in 2018 with one doctor and an outpatient theatre before it moved to the new premises in 2021.

Allegations against St Peters Orthopaedic and Surgical Speciality Centre

364. St Peters Orthopaedic and Surgical Centre was accused of conducting medical camps and ferrying patients from their homes to receive treatment at the hospital.

Response to the Allegations on St Peters Orthopaedic and Surgical Speciality Centre

365. The Hospital Director, Dr Wasena, confirmed that the hospital had conducted medical camps in various parts of the country after receiving approvals from all relevant government institutions. He further submitted that on many occasions the facility had identified patients in need of specialised orthopaedic treatment who were too poor to afford transport to hospitals and the facility had organised transport for the patients. Most patients were not able to travel using normal public transportation after the orthopaedic surgeries and hence the hospital would organise transportation back to their homes.

366. He submitted that when the facility started, it was not serving NHIF cardholders. Initially, the facility operated as a Level 3B before moving to Level 5B. The change of level was dependent solely on the facility and what it offers. There is no specified regulation that a facility cannot move from one level to a higher level while skipping other levels.

367. NHIF first accredited the facility as a Level 3 under the comprehensive cover. He further explained that at the first audit, NHIF was not sure if the facility was comprehensive. In the second audit, the facility was accredited as Level 3B before 2022 where NHIF clients did not have to co-pay and in the FY 2022/2023, it was accredited as a Level 5.

368. Dr Wasena admitted that he has undertaken medical camps after securing authorisation from the respective county governments, in churches and other places where he sensitises the elderly who have various ailments related to body joints, and who then visit his hospital for check-ups and eventual surgeries if they so wish.

369. He noted that his good relationship with boda boda and *matatu* groups helped him get referrals whenever there were accidents, which saw him record a significantly higher number of surgeries. He noted that the facility has been on NHIF comprehensive cover from the start, and charged a flat rate of Ksh300, 000 per client for joint replacement, which has seen them receive a significantly higher amount of money from the Fund. He noted the amount is sometimes not enough to warrant some surgeries, but he optimises this through donations from other partners which help the facility not to pass charges on patients.

370. He explained that NHIF had been paying the facility, although inconsistently and as of June 2023 when it stopped its services, the NHIF owed Ksh400 million to the facility. He

expressed that the facility performs up to 32 surgeries in a day because he had many assistants, a number of theatres and his expertise. He also noted that the facility sometimes experienced challenges with NHIF pre-authorisations even though the facility can secure about 20 in a day which happens over time.

371. He explained that the facility did not have any irregular billing as preauthorisation was sought before surgeries were done and also post-operation before discharge.
372. He denied having done an operation on Mr Peter Mugambi that had not been preauthorised by NHIF which led to him being incapacitated. He noted that the patient had come for a total knee replacement. However, after his analysis, the patient needed a severe contracture release. The patient was advised of the same to which he consented to change the surgery and the NHIF only paid Ksh80,000 for the release.
373. He informed the Committee that services at the facility were at 2% of its capacity and the services had gone down completely since NHIF stopped its services as most of the patients who sought treatment at the facility were insured by NHIF. He said he had over 400 staff but currently has only 95.
374. He requested the Committee to inform NHIF to allow hospitals to undertake emergency operations especially when preauthorisation takes long. This will prevent the allegations that he faced of performing unauthorised surgeries without preauthorisation as his facility was located near a busy highway.
375. On his relationship with NHIF, he noted that the relationship was bad as he was treated as fraudulent even though no one called him to answer these allegations.
376. He submitted that NHIF contracts with the hospitals were not explicit and that ferrying patients to hospitals was illegal. The contract was however clear that a service provider should not entice patients to do procedures that are not medically necessary. He further explained that the KMPDC had reviewed all procedures done at the facility and established that they were all medically necessary.
377. On the discrepancy in the dates of admission at the hospital and the NHIF system, the hospital director clarified that the differences were a result of the patients not being able to submit their NHIF cards and biometrics and NHIF system downtime, especially during emergencies. It was noted that this was an administrative issue that should have been resolved by the NHIF rather than the Commission of Fraud.
378. Dr Wasena submitted a letter ref: CID/IB/ECCU/SEC/4/4/1/VOLLVIII/219 dated 4th January 2024 to the Committee from the Directorate of Criminal Investigations and copied to Dr Wasena. The letter indicated that the DCI had received a letter from the Office of the Director of Public Prosecutions ref. ODPP/HQ/COM/2/2194 dated 20th December 2023 whereby the DPP had found that there was no sufficient evidence to disclose criminal culpability on the part of the proprietor of St Peters Orthopaedic and Surgical Speciality Centre. The DPP further directed that the file be closed with no further police action.

6. AMAL HOSPITAL LIMITED

379. The Committee visited Amal Hospital Limited on 29th January 2024.

Allegations against Amal Hospital Limited

380. The facility was accused of fraudulent practices of altering and falsifying information in collusion with members to defraud the NHIF and obtain benefits to the tune of Ksh8, 063,000 as well as Ksh3, 000,000 which was in the process of payment which translated to 96.6% fraudulent payments. The management of the Hospital failed to appear before the Committee citing that the matter was the subject of a court case. During the site visit, the hospital was also closed even though patients could be seen in the wards and the neighbours of the facility informed the Committee that the facility was still operating.

7. BEIRUT PHARMACY AND MEDICAL CENTRE

381. The Committee visited Beirut Pharmacy and Medical Centre on 29th January 2024.

Allegations against Beirut Pharmacy and Medical Centre

382. Beirut Pharmacy and Medical Centre was accused of engaging in fraudulent practices of altering and falsifying information in collusion with members and defrauding NHIF to a tune of Ksh15,787,000. The management of the Hospital failed to appear before the Committee citing that the matter was the subject of a court case. During the site visit, the hospital was closed and had moved from its last known address.

8. MURANG'A HIGH SCHOOL DISPENSARY

383. The Committee visited Murang'a High School Dispensary and held a consultative meeting with the principal and other senior teachers of the school on 31st January 2024 at the school.

Allegations against Murang'a High School Dispensary

384. The school dispensary had been accused in the NHIF Audit of having over-claimed in the *Edu Afya* scheme thereby the Auditors were not able to verify claims amounting to Kshs4, 256,000. The NHIF Audit report had indicated the amounts as "unsupported payment" and had recommended recovery of the same.



Figure 4: Murang'a High school Dispensary.

Response to the Allegations against Murang'a High School Dispensary

385. In response to the allegation that the contract for Murang'a High School Dispensary captured the name of the facility as Murang'a High School Clinic but the code remained the same. The *Edu Afya* package was not captured in the contract. However, the facility

has been lodging claims at Ksh500 relying on an advisory email issued in July 2018. The Principal, Mr Kuria submitted “there could likely have been an error during capturing as all records read Murang’a High School Dispensary including the certificate of registration issued on 15th September 2017. As regards claims, the school has been relying on advice given by the NHIF when the facility was accredited.”

386. Murang’a High School has a sanatorium under the school management and introductory letters are pre-signed and kept at the sanatorium where students seeking treatment fill them. Mr Kuria submitted that “this was done to ensure smooth operation to students attending the facility regardless of the time of the day being a boarding institution. However, some introductory letters are kept by the teacher on duty (TOD) in case the authorising officer is not available to ensure no student is denied access to the facility for lack of the letter.”

387. It was alleged that an interview with six (6) students confirmed that they made 23 visits to the school sanatorium against 55 visits notified in the NHIF system. The variance of 22 visits amounting to Ksh11, 000 cannot be accounted for. Mr Kuria stated that “We are of the opinion this is not the correct position. Any student treated in our facility always fills out the NHIF form whenever they seek treatment. Our record department at the facility has all supporting documents and if we can get the names of the students interviewed, we can easily confirm the accuracy of the above. Also considering the flow of thoughts and the period the student was supposed to respond to, the student may not be able to accurately estimate the number of times he has visited the dispensary. Only records can confirm such. Further, before any treatment is administered to students, one must fill NHIF form and the daily record is maintained in the register book. The school also retains a copy of every form/claim submitted to NHIF offices.”

388. Mr Kuria further noted that the school has never received any communication from NHIF regarding the allegations levelled against them of impropriety. They only heard about them in the media.



Figure 5: Murang’a High School Dispensary Rest room for Sick Students

389. The dispensary has not been receiving money and the little it gets for services rendered is not sustainable. The principal submitted that most of the time, the school dispensary was operating at a loss as the costs incurred in treating were higher than the Ksh1000 paid per treatment episode.

390. He requested the Committee to streamline NHIF as the audit that had informed the allegations was not fair and the audit process did not offer the facility a right to respond to the allegations. Future audits should involve the accused in establishing the facts first before such allegations are publicly released.

391. He pleaded that the outstanding funds be paid as the debt had affected service delivery at the dispensary, especially, constraining the procurement of health products.

9. CHEST AND SKIN CLINIC

392. The Committee visited the Chest and Skin Clinic, in Mbeere North, Embu County on 1st February 2024, for a fact-finding inspection.

Allegations against Chest and Skin Clinic

393. The facility had been accused of failure to produce complete clinical records for services offered to *Edu Afya* Scheme beneficiaries in respect of 1,248 claims for the year 2022. The Audit report recommended the suspension of the facility's *Edu Afya* contract and recovery of Ksh1, 248,000.

Response to Allegations against Chest and Skin Clinic

394. Dr Daniel Kiondo, the hospital administrator while under oath explained that the facility only operated *Edu Afya* for seven months between June and December 2021, after which Auditors from Nairobi visited the facility to ascertain the number of students who had been treated at the facility. He explained that the facility has a large catchment area and since he opened the facility in the region after many years of practice at the Kenyatta National Hospital, he has received a positive reputation and enjoyed serving a large number of patients.

395. Dr Daniel Kiondo explained that, due to his specialisation in chest and skin, a common problem in schools, he has served many students and schools that brought students in need of specialised treatment to the hospital on his clinic days since he is not always at the facility.

396. Being the only skin specialist in the area, he was bound to get more clients, especially after appearing on local radio stations creating awareness of the common chest and skin conditions that he was treating at his clinic. He noted that he has never been given any communication regarding the allegations officially by NHIF and only heard about them in the media.

397. While under oath, Dr Kiondo submitted to the Committee that officers from *Edu Afya* came to his hospital and checked records and after sampling about 15, they found two (2) entries missing. He was then told that to be able to clear the matter, he should bribe the officers with Ksh100, 000. He refused to do so and later, his facility was mentioned in the media as having been involved in fraud. He visited the NHIF Embu branch for them to explain the matter and the officers at the branch advised him to seek an explanation from the NHIF Headquarters in Nairobi. He later visited the NHIF headquarters in Nairobi where he was referred to pursue clarifications from *Edu Afya* Offices in the Ministry of Education as the allegations were derived from an audit conducted by the Ministry of Education.

398. He urged Parliament to pursue this matter thoroughly and accord him justice as his name and profession had been tarnished unfairly. He claimed that the audit officers who came to his clinic accused and judged him without giving him a chance to explain himself.

Dr Kiondo submitted that the allegations levelled against his facility may have been due to business rivalry.

10. GARISSA NURSING HOME

399. The Committee held a consultative meeting with the management of the facility on 5th February 2024 at its premises in Garissa County.

400. Dr Mohamed Dahir Duale, the facility Director submitted that the facility commenced operations in 1997 as a small clinic and expanded it in 2005 to include a modernised theatre, maternity wing and radiology department among other services. Currently, the facility is licensed as a private Level 4 Hospital and offers comprehensive cover for NHIF patients.

401. The 24-bed capacity hospital has a staff establishment of 52, but majorly relies on the Garissa County Referral Hospital which has a pool of professionals offering several services. It further depends on the county hospital for other services such as waste disposal. The hospital has pending claims amounting to Ksh2.7 million which NHIF had not paid from December 2023 to January 2024.

402. The Director submitted that the regional NHIF officers, especially those from the Quality Assurance Department visit the facility daily, but the others, including the Manager, rarely visit the facility. Dr Duale indicated the facility has had challenges with preauthorisation and sometimes very sick patients' requests are rejected as approvals are done in Nairobi. For the last year, the NHIF had in some instances approved fewer amounts of money than what had been billed.

403. The hospital has never been contracted under the *Edu Afya* Scheme but was offering services to the National Police Service through NHIF, which was later withdrawn and given to another insurer. It mostly serves civil servants with NHIF, patients with other insurance covers and cash clients.

11. ALJAZEERA HOSPITAL

404. The Committee held a consultative meeting with the management of the facility on 5th February 2024 at its premises in Garissa County. The hospital administrator, Mr Peter Otieno stated that the private Level 5 hospital started in 2020 as a Level 3B and has 32 staff and a bed capacity of 40. He also submitted that Quality Assurance officers from NHIF visit the facility daily. From 2021 to date, the hospital has made claims worth Ksh87, 191,000 to NHIF and currently has Ksh2, 087,262 as pending claims dating back to November 2023.

12. MEDINA HOSPITAL

405. The Committee held a meeting with the management of the facility on 5th February 2024 at its premises in Garissa County after a tour of the facility. Dr Idris Athuman the hospital director submitted that the facility was a private Level 5 hospital and was in its 10th year of operation. It started as an outpatient clinic and has grown over time. It offered services to NHIF beneficiaries for the past eight (8) years.

406. He further submitted that the NHIF Quality Assurance team visits the facility every day when there is an NHIF client. The facility was still owed by NHIF from 2020 when

the NHIF changed the system it was using and wanted to do an audit at the facility before making payments. However, no clear direction has been given ever since that time.

13. CHARITY MEDICAL CENTRE

407. The Committee visited Charity Medical Centre in Laikipia County on 1st February 2024 and held a consultative meeting at its premises. The facility started in 1991 and is now a Level 4 facility with 60 beds and one HDU bed.

Allegations against Charity Medical Centre

408. The audit team had indicated that the hospital had defrauded the *Edu Afya* Scheme through forged introductory letters, missing records and demand-induced treatment from unaccredited facilities. The team had recommended that the facility should refund Ksh548, 000 and that the NHIF should reject 5,145 claims amounting to Ksh7, 694,542.

409. The facility was also accused of offering services out of the contract by visiting schools for treatments and admissions. The facility operated mobile clinics and moved from one school to another on certain days of the week as agreed between themselves and the school management. The services were offered in school dispensaries and other designated areas within the school precincts.

Response to Allegations against Charity Medical Centre

410. The Hospital's Legal Counsel noted that *Edu Afya* commenced in May 2018 and a meeting was called by Mr Geoffrey Mwangi, the former Chief Executive Officer (CEO) of NHIF and a question was raised as to whether hospitals were allowed to see students in schools to which the CEO replied in the affirmative. He further explained that the facility had student patients in October 2020 during the COVID-19 period because Form 4 students had been called back to school and since there was high sensitivity to any illness, any principal who had a suspected issue of illness could call the hospital to verify and take the student for treatment.

411. From October 2020 to March 2021, the hospital lodged claims for payment amounting to Ksh11, 438,000 but has not been paid up to date. An audit query by NHIF was therefore raised on whether the hospital was going to schools for treatments or not. The Hospital responded to the audit query but they were never responded to. The hospital has been following up on the same. The hospital director stated that in 2023 Ksh548, 000 was deducted as recovery for overpayment yet the NHIF did not specify the recovery even though Ksh11, 438,000 was owed to the hospital.

14. ELBURGON NURSING HOME

412. The Committee visited Elburgon Nursing Home located in Nakuru on 1st February 2024. The facility began its operations in December 1996 offering maternity and outpatient services. It was accredited by NHIF for *Linda Mama* and *Edu Afya* as a Level 3A private facility in 2018. The hospital provided 90 per cent of its services to schools, especially to Elburgon and Michinda Secondary Schools.

Allegations against Elburgon Nursing Home

413. The facility was accused of non-adherence to contract amounts and payment claims offered from non-accredited service points. The facility was claiming *Edu Afya* outpatient at the rate of Ksh1, 500 instead of the Ksh1, 000 stipulated in the contract. Thus, 440

claims were lodged using the rate of Ksh1, 500 leading to a loss of Ksh220, 000. The facility was also accused of poor service delivery to members because of offering medical services in non-accredited service points.

414. The NHIF Audit report indicated that the facility should refund Ksh362, 000 being Ksh220, 000 paid in excess of the contract amount and Ksh142, 000 for unsupported claims. The Hospital Director provided the letter from NHIF directing the hospital to charge Ksh1, 500 instead of Ksh1, 000 as per the scheme since the facility was Level 3A.

Response to Allegations against Elburgon Nursing Home

415. The Director of the facility submitted that claims cannot go through until the student goes through the biometrics registration process. The Hospital could serve 5 to 6 students per visit and whenever students exceeded 10, the school could call the clinic to see students at the school but the claims were done through the hospital.
416. He further alleged that they were implicated by the auditors because they could not give a bribe to be cleared.

15. EQUITY AFYA BURUBURU

417. The Committee conducted an inspection visit to Equity Afya Buruburu on 29th January 2024.

Allegations against Equity Afya Buruburu

418. The hospital had treated students from Buruburu Girls, Ofafa Jericho High School, St Aquinas High School and Huruma Girls High School with the records showing more than 3,000 students were treated in the facility contributing to the facility lodging huge claims which raised concerns. NHIF has so far recovered a bulk of the money from the facility and the facility still has to pay Ksh17,000. The Audit report had indicated that the facility had not availed case notes to support visits by 4,768 students to the facility totalling Ksh7, 152,000.

Response to Allegations against Equity Afya Buruburu

419. The facility Director, Dr Anthony Kinyanjui said the hospital was accredited to offer services to all the NHIF members in 2018 as well as nine schools within its locality.
420. The hospital had a capacity of around 65 patients at once, with 6 doctors, 2 nurses, 2 dentists and one ophthalmologist. Specialists came to the hospital on specific days by appointment. The hospital had dedicated one male doctor for male students and one female doctor for female students. The efficiency and express services made other schools prefer Equity Afya as their service provider, where the facility could serve 50 to 100 students in a day. Dr Anthony refuted claims that the facility stationed nurses in schools to make student referrals to the hospital. Instead, he submitted that school nurses acted as liaison officers in cases where the facility treated students before their biometrics were taken.
421. Dr Anthony submitted that the facility had paid back NHIF as they wanted to close the matter as they have an obligation to serve all the people in the community including teachers and the police whom they did not want to disadvantage by severing ties with NHIF.

CHAPTER FIVE

7.1 ISSUES FOR DETERMINATION AS PER THE TERMS OF REFERENCE

422. The Committee made the following observations concerning the NHIF processes according to its Terms of Reference (TORs):

(a) TO ESTABLISH WHETHER THERE WAS FRAUD AND SUCH OTHER MALPRACTICES IN THE PAYMENT OF CLAIMS BY NHIF

Observations during the Visit to Afya Bora Hospital Annex

423. The Committee observed that Afya Bora Hospital Annex:

- (i) had two theatres with receiving and recovery rooms;
- (ii) did not have x-ray equipment;
- (iii) did not have a mortuary;
- (iv) had adequate operating space with infrastructure including ICU and an HDU;
- (v) had a dental unit;
- (vi) had a maternity wing;
- (vii) had a physiotherapy unit;
- (viii) had orthopaedic equipment;
- (ix) since the scaling down, had one doctor, Dr Wachira, operating on his own and the facility did not have contracts with visiting doctors as they only came on a need basis;
- (x) is located in a mixed-use building with the outpatient located in the commercial section of the building (ground floor) and the rest of the facility located in the residential part of the building;
- (xi) records showed that most of its admissions were for NHIF beneficiaries;
- (xii) had a few cash patients at the time of the visit; and
- (xiii) had an ambulance.



Figure 6: Afya Bora Hospital Annex NHIF Accredited Ambulance

Observations during the Visit to Afya Bora Hospital

424. The Committee found that Afya Bora Hospital was not operational at the time of the inspection visit on 31st January 2024 but the Committee was allowed to enter the facility for inspection. The facility:

- (i) Had empty beds and wards.

- (ii) had adequate operating space,
- (iii) had a theatre room;
- (iv) did not have x-ray equipment; and
- (v) Did not have a mortuary.

Observations during the Visit to Jekim Hospital Nkubu Ltd

425. The Committee found that the facility:

- (i) Had adequate infrastructure for the level of care issued to it by the KMPDC;
- (ii) Was only serving a few cash-paying patients;
- (iii) Records had been taken by the DCI;
- (iv) Had two operating theatres, a dental unit, an ICU, an HDU, a maternity wing, a Class D laboratory, paediatric wards and a radiology unit.

Observations during the Visit to Jekim Medical Centre

426. The Committee found that the facility:

- (i) provides outpatient services;
- (ii) had adequate infrastructure for the level of care issued to it by the KMPDC;
- (iii) was only serving a few cash-paying patients; and
- (iv) Records had been taken by the DCI.

Observations during the Visit to Joy Nursing and Maternity Eastleigh Limited

427. The Committee found that the facility:

- (i) was in a residential apartment and the stairs were shared by the residents accessing their houses;
- (ii) did not have written contractual agreements with the alleged seventeen orthopaedic surgeons who were providing healthcare services at the facility;
- (iii) there were limited spaces at the reception, waiting area, consultation area and procedure rooms;
- (iv) did not have adequate infrastructure for the level granted by the KMPDC: there was no Class D licenced laboratory, no blood transfusion unit, no radiology unit, no maternity theatre, no advanced life support for emergency care, and no mortuary nor autopsy services; and
- (v) Did not have resident physicians, paediatricians, gynaecologists nor surgeons as per the Kenya Quality Model for Health (KQMH) guidelines.

Observations during the Visit to St Peters Orthopaedic and Surgical Speciality Centre

428. The Committee found that the facility:

- (i) The hospital had a bed capacity of 180 beds. However, at the time of the visit, the Committee observed that there were only 23 patients admitted. This was against the claim by the hospital administration that the hospital was admitting more than 70 patients per day.
- (ii) Was clean, well-equipped and staffed;
- (iii) Had well-maintained theatre registers;
- (iv) Had a pharmacy and a Class E laboratory;
- (v) St Peters Orthopaedic and Surgical Speciality Centre met the requirements of a Level 5 hospital as per the Kenya Quality Model for Health (KQMH) guidelines.

Observations during the Visit to Amal Hospital Limited

429. The facility was closed at the time of the Committee visit even though neighbours of the facility indicated that the hospital was operational.

Observations during the Visit to the Beirut Pharmacy and Medical Centre

430. The Committee found that the facility was deserted. There was no furniture or equipment. There were no staffs or patients.

Observations during the Visit to Murang'a High School Dispensary

431. The Committee observed that:

- (i) The school had a building specifically designated for the dispensary;
- (ii) The dispensary had two nurses, a laboratory technologist, and a records officer. The Committee was informed that there was a visiting doctor who could be called in the event of severe cases;
- (iii) The dispensary serves a total of 2,400 students plus staff at the school;
- (iv) it attends to an average of 30 students a day and has a 14-bed capacity for short-term monitoring of patients suffering minor illnesses;
- (v) the dispensary referred students to Murang'a Hospital in the event of conditions not manageable with the existing capacity; and
- (vi) The facility had claimed a total of Ksh9,430,000 since the inception of *Edu Afya* and over the period NHIF had paid Ksh7,989,460 with an outstanding balance of Ksh1,440,540.

Observations during the Visit to the Chest and Skin Clinic

432. The Committee observed that:

- (i) On randomly sampled days, the clinic treated a large number of students ranging from around 20 to 35 in a single day;
- (ii) the facility had 18 beds, some of which had admitted patients;
- (iii) the hospital administrator was an ENT specialist and had further specialised in skin conditions; and
- (iv) The clinic had a pharmacy, a laboratory and two assisting nurses.

Observations during the Visit to Garissa Nursing Home

433. The Committee established that the facility:

- (i) had a pharmacy, laboratory and radiology department offering ultrasound and X-ray services;
- (ii) offered dental services;
- (iii) handled about three (3) deliveries per day in the maternity department of the hospital;
- (iv) had an operating theatre that shared a recovery and receiving room; and
- (v) From the sampled claims below as against the patient files, the NHIF invoices tallied with the claims submitted to NHIF.

Sample Outpatient claims made to NHIF

January 2022	-	4,328,603
January 2023	-	2,611,595
January 2024	-	808,920

Jan – June 2022 - 22,621,622
Jan – June 2023 - 5,811,130

Sample Inpatient claims made to NHIF

January 2022 - 3,122,360
January 2023 - 3,973,700
January 2024 - 601,400
Jan – June 2022 - 22,713,620
Jan – June 2023 - 13,855,840

Observations during the Visit to Aljazeera Hospital

434. The Committee observed that the facility:
- (i) Had an operating laboratory, dental unit, radiology department offering x-ray and ultrasound services, one operating theatre that shared a receiving and recovery room and a High Dependency Unit;
 - (ii) Offered dialysis to about five patients a day and most theatre cases were minor;
 - (iii) consultants run clinics at the facility on demand without formal contracts;
 - (iv) Outsourced physicians from the Garissa County Referral Hospital as it did not have a resident physician. Other services are also sought from the county referral hospital;
 - (v) Did not have adequate personnel to operate as a Level 5 hospital.

Observations during the Visit to Medina Hospital

435. The Committee observed that the facility:
- (i) had a 75-bed capacity;
 - (ii) had a class D laboratory, dental unit, physiotherapy, eye unit, radiology department that offers ultrasound, X-ray and CT scan; maternity and a theatre that offers both minor and major surgeries, an ICU and an HDU;
 - (iii) was well equipped with good infrastructure and was under-utilized; and
 - (iv) from the sampled claims below as against the patient files, the NHIF invoices tallied with the claims submitted to NHIF:

Sample claims made to NHIF

2021 - 20,648,332
2022 - 53,390,202
2023 - 56,692,534

Sample Receipts from NHIF

2021 - 50,468,215
2022 - 50,468,215
2023 - 47,747,459

Observations during the Visit to Charity Medical Centre

436. The Committee observed that:
- (i) the owner of the facility was a consulting surgeon resident in the facility;
 - (ii) the facility had an NHIF office where patient claims were lodged;
 - (iii) the facility was adequately equipped for a level 4 with a theatre, X-ray and CT-scan services;

- (iv) the facility provided inpatient and outpatient services;
- (v) the facility had a well-laid-out patient flow;
- (vi) the facility had a genuine theatre list; and
- (vii) The NHIF was quick to deduct the disputed claims even though it owed the facility.

Observations during the Visit to Elburgon Nursing Home

437. The Committee observed that:

- (i) during the review of the hospital records, the facility could not provide school leave-out sheets for some months to support those students physically visiting the hospital for treatments;
- (ii) There was a variance between students treated and those discharged from school.
- (iii) The facility was in a crowded place within the town;
- (iv) The facility looked dirty and deserted;
- (v) The facility had a laboratory, clinic and a pharmacy that were not fit for patients;
- (vi) The facility building was not fit for a hospital and was not well maintained;
- (vii) The facility was licensed as a level 3 A for outpatient and maternity services;
- (viii) The NHIF had not suspended services and the facility was still offering services but was not being paid;

Observations during the Visit to Equity Afya Buruburu

438. The Committee observed that:

- (i) The hospital had a capacity of 65 beds, with 6 doctors, 2 nurses, 2 dentists and one ophthalmologist.
- (ii) there was no clear information on who verified the claims lodged by the facility, and
- (iii) The facility had paid back the alleged fictitious claims. However, the Committee was not convinced of the reason why the facility paid back. The Committee observed that this could be an avenue for service providers to get money from NHIF and repay later from their claims only if they are discovered.

439. From the forgoing the Committee was able to establish there was collusion between NHIF staff and health service providers and also with NHIF beneficiaries in some instances to defraud the NHIF through the lodging of unverifiable, fictitious and fraudulent claims.

(b) TO ESTABLISH THE FINANCIAL STATUS OF NHIF

1. Financial Status of NHIF

440. From the financial statements for the years 2019-2020, 2020-2021, and 2021-2022, the Committee noted that while premium contributions had increased three-fold, benefit payouts have increased five-fold over the same period, meaning that growth in benefit payouts had outpaced growth in premium contributions for NHIF. It was also observed that the Fund had liquidated some of its short-term investments without reinvestment. Short-term investments had also reduced from Ksh13, 388,971,803 as of 30th June 2022 to Ksh8, 232,200,000 as of 30th June 2023. This implies that if all factors were held constant, the NHIF's financial sustainability would have been compromised.

441. According to the financial status analysis, NHIF had a deficit of Ksh6,028,999,591 in FY 2022/2023 as the total collected benefits and other incomes were at

Ksh75,088,880,320; while total paid benefits plus operating expenses were Ksh81,117,879,911.

442. The 2022/23 FY had closed with premiums owed by the Government totalling Ksh11,249,375,049. The implication of this was that some contributors would have been denied services and penalised for late payment of contributions whereas government-sponsored schemes were offered healthcare insurance on credit.

443. The Fund's investment policy provided that the Fund ought to have maintained an amount equivalent to not less than six months' worth of claims payment as provided in the annual estimates and investments in short-term securities. The Acting CEO at the time of the Inquiry had failed to justify the delays in reimbursement of rebates and capitations to service providers. The Investment and Quality Assurance Policies submitted to the Committee were neither signed nor dated by the Board.

2. Investments by NHIF

444. An analysis of the status of the Fund's investments shows that the Non-Current Assets were valued at Ksh13.1 billion as at the end of financial year 2022/23. Further, the Fund had invested in short-term securities (as guided by its Investment Policy). Notably, the value of short-term investments reduced from Ksh13.4 billion (balance as of 30th June 2022) to Ksh8.2 billion (balance as of 30th June 2023).

445. NHIF purchased a car parking management system from KAPS in 2011 for collecting parking fees. The Committee observed that this system was solely managed by Crystal Valuers. No evidence was availed to confirm that NHIF had access rights to the KAPS system to monitor daily revenue collection before banking. Notably, NHIF used Ksh802,989 in 2014 to upgrade the parking management system but the system does not provide a detailed report on vehicles whose owners have been issued with access cards, time taken by daily parked vehicles to enable computation of amount payable and registration numbers of parked vehicles. For example, between 4th January 2021 to 16th January 2021 in Silo carpark and on 12th August 2019, 11th February 2020, and 14th May 2021 in Central parking, the system did not report any vehicle having used the pay point centres.

3. Operating expenses

446. There was an exponential increase in the NHIF operating expenses from Ksh7.58 billion in financial years 2020/21 to Ksh8.34 billion in the financial year 2021/22. Notably, Legal expenses increased from Ksh40 million to Ksh247 million (510% increase) while advertising and publicity expenses increased from Ksh85 million to Ksh301 million (251%).

4. Sponsored Programmes

447. The objective of the Kenya UHC Policy 2020–2030 was to expand access to comprehensive health services, especially for the under-served, marginalised and vulnerable populations while providing them financial protection. Sponsorship of indigents is vital in the journey towards the achievement of Universal Health Coverage for all Kenyans by ensuring that those with an income pay their insurance contributions while the poor and vulnerable in the society are paid for. The Government of Kenya is currently the biggest sponsor of 1.3 million indigents in three (3) Government health

insurance subsidy programmes: Health Insurance Subsidy Programme for Orphaned and Vulnerable Children (HISP-OVC), Health Insurance Subsidy Programme for Older Persons and Persons with Severe Disabilities (HISP-OPSD) and the UHC Indigents Cover. In the Financial Year 2022/2023, there were seventy-three (73) sponsorships covering 1,435,330 indigent households. As of the end of FY 2022/23, the NHIF was owed by the government premiums totalling Ksh11, 249,375,049.

5. Managed Schemes

448. A review of the submitted reports indicated that, in general, there was an increase in claims in managed schemes. The *Edu Afya* medical scheme's claims increased from Ksh847, 221,027 in FY 2019/2020 to Ksh3, 500,562,643 in FY 2022/23. The risk of fraud was higher in the enhanced schemes, for example, in *Edu Afya* as proven by the high number of reported fraud cases by service providers under investigation. Services in the schemes were mostly offered by Level Two facilities, most of which lacked the infrastructure for biometrics.
449. The National Health Scheme and Civil Servants Managed Schemes registered the highest paid overseas claims for FY 2021/22 at Ksh101, 394,186 and Ksh102, 268,020, respectively. This was still the case in FY 2022/23 at Ksh74, 154,620 and Ksh82, 142,977, respectively. The benefit pay-out ratio for the Civil Servants Scheme over the three years was over 100% making it untenable. The utilisation benefit pay-out ratio for the Retirees Scheme was 139% for FY 2021/22 while the National Police and Kenya Prisons Scheme had a pay-out ratio of 139%. Additionally, utilisation reports and the submissions by Benefits, Claims, and Actuarial Services, together with the submissions by the Head of Beneficiary Management, confirmed that the NHIF-managed schemes did not give the NHIF value for money.
450. The Claims Management Division was adversely mentioned by whistle-blowers to have facilitated fraud in its function of preauthorisation of surgical procedures and other requests. It was further alleged that Ms Judith Karimi Otele had been sponsored by service providers to travel to India as an inducement for approval of overseas treatment in the facilities of these service providers. Ms Otele under oath informed the Committee that she had never travelled to India. However, her passport indicated she had travelled to India in February 2020 with an entry on 8th and an exit on 14th. She again travelled to India in May 2022 with an entry on 20th and an exit on 25th. The Committee also observed that between June 2019 and March 2022, she had travelled to Uganda, South Korea, Malaysia, Canada, Switzerland, and Thailand.

6. Emergency Rescue Services

451. NHIF had entered a 3-year renewable contract with Emergency plus Medical Services (E-PLUS) (Kenya Red Cross Society effective 1st October 2020 to 30th September 2023). This contract was further renewed from 1st October 2022 to 30th September 2023 and executed on 30th December 2022. The 1st September 2020 tender issue attracted only one bidder. In this tender, the population increased to 4,067,351 from 1,250,000 when the tender was awarded. As such, the service should have been retendered rather than directly sourced. It was also noted that the Fund opted for a premium payment model rather than a fee-for-service model. As a result, the Fund paid Ksh936, 002,949.50 under

capitation for evacuation services, whereas the same would have costed Ksh205, 115,923.00 assuming the use of the fee-for-service payment model.

7. Information and Communication Technology system

452. NHIF ICT solution was provided fewer than two major contracts; one contract was for the ERP solution provided by an ICT firm named Fourtel Ltd since 1998. The Committee noted that the same supplier had continuously been awarded the maintenance contract of the same since 1998. The other major contract was to Great Sands Consulting for a comprehensive ICT review. At the same time, NHIF engaged Blue Sky Consulting to provide consultancy services for Business Process Reengineering and the implementation of the ICT Digital Transformation Roadmap at a cost of Ksh134, 982,414. Other ICT consultants engaged in the three years under inquiry included: Envisage Multimedia Co., Smoothtel and Data Solutions Ltd. The Committee observed that the NHIF had invested hugely in the ICT system and was planning to invest additional resources, yet the system remained prone to mismanagement and fraud. The Committee also noted inconsistency in the submission of NHIF Acting CEO, Dr Samson Kuhora on the ICT system, particularly on whether the institution was planning to procure a new system or was planning to upgrade the existing system.

8. NHIF and MTRH Loan

453. The Ministry of Health wrote a letter, dated 1st December 2016 requesting NHIF to consider supporting the establishment of radiotherapy treatment centres at Moi Teaching and Referral Hospital and Kenyatta National Hospital due to the rising cancer cases in the country. Subsequently, MTRH wrote a letter dated 2nd February 2017 requesting funding from NHIF and specifying the details of the two proposed loans and proposed repayment periods and interest rates due. NHIF disbursed **Ksh312, 669,869.20** on 8th September 2017 vide EFT17081893.001 to MTRH. The Committee noted that the money was disbursed even though the parties had not executed a signed contract for the loan. MMA Advocates later invoiced for the instructions and deliverables at Ksh40, 883,040 for preparing the documents and payment was made on 3rd October 2018. At the time that the Committee engaged the Ag. Director of Finance, the contract for the loan was yet to be executed despite NHIF making full payment of Ksh40,883,040 on 24th September 2018 vide EFT18093536.001. The Committee further observed that the legal fees were overpaid as the amount used to calculate the fee was not the actual money disbursed but rather the initial request amount for both MTRH and KNH and yet the KNH loan was never disbursed. Apart from the legal fees being overpaid, the advocate paid did not render the services.

454. In view of the forgoing the Committee was able to establish that, NHIF had liquidated some of its short term investments without reinvestment which implies that if all factors were held constant, the financial sustainability would have been compromised.

(c) TO ASSESS THE EFFICIENCY AND EFFECTIVENESS OF THE NHIF QUALITY ASSURANCE MECHANISMS

The Committee observed that:

- (i) The NHIF did not have sufficient competent Quality Assurance Officers.
- (ii) The Quality Assurance and Contracting Division has 61 staff, with varied qualifications.

- (iii) The Quality Assurance and Contracting Division managed empanelment and accreditation requirements and processes for Healthcare Providers (HCPs) seeking enrolment into NHIF.
- (iv) The online platform was supposed to provide accurate hospital biodata, and geo-coordinates, and to authenticate the provision of services.
- (v) The QA team was further tasked with ensuring facilities correctly fill in the offer letters for service provision. For purposes of re-contracting and quality assurance, the team verified Kenya Essential Package for Health (KEPH) levels, capacity of HCPs and actual number of in-patient beds which informed the amount of capitation, rebates and to some extent choice of hospital category. The reassessment exercise helped deter cases of HCPs launching fictitious claims, inappropriate higher levels of care allocated to some HCPs, false and unnecessary admissions of more than actual bed capacity, and unlicensed medical facilities and staff.
- (vi) The Manager, Quality Assurance and Contracting had the overall responsibility to ensure that empanelled HCPs are contracted.

455. The Committee concludes that, the NHIF quality assurance mechanism did not have the requisite competencies and capacity to effectively and efficiently ensure proper empanelment and accreditation of health service providers as well authentication of the claims lodged.

(d) TO DETERMINE THE EFFICIENCY AND EFFECTIVENESS OF NHIF'S HUMAN RESOURCE MANAGEMENT

Human Resource Effectiveness and Efficiency

456. During the last five (5) years, a total of thirty-five (35) staffs were promoted. Ten (10) of them were in the management category falling under the purview of Board appointment while the remaining twenty-five (25) were under the CEO's delegated authority. The Committee observed that the ten Staff were appointed to management positions without adhering to NHIF's Human Resource Policy. The Board appointed several staff in acting capacities in management positions and later the staff were confirmed to the positions and salaries backdated unprocedurally.
457. The Chairperson of the Board of Directors Sub-Committee on Human Resources, Ms Rachel Mwonyoncho submitted orally that the staff appointed by the Board in an acting capacity and who were later confirmed had undergone suitability tests before the confirmation. She was however unable to provide evidence of the conduct of the alleged suitability assessments. Her assertions were further denied by the Human Resource Manager, Mr Tanui who submitted that he was one of the beneficiaries and he had not undergone any suitability assessment before his confirmation. The Committee takes note that Ms Rachel Mwonyoncho gave false evidence on oath.
458. Given the forgoing the Committee determines that, NHIF did not adhere to its human resource policies during the period under inquiry.

(e) TO EVALUATE THE EFFICIENCY AND EFFECTIVENESS IN THE EMPANELMENT OF SERVICE PROVIDERS BY NHIF

1. Beneficiary management

459. The total enrolment membership of NHIF as of 2023 was 16,210,351, out of which 7,106,911 (44%) were active members. Between 2020/2021 and 2021/2022, there was tremendous growth in membership of 20% considering the commencement of the scale-up of UHC in December 2020 and the subsequent launch of UHC in February 2022. Member retention was stable and high in the formal sector while the retention rate in the informal sector was quite low due to the voluntary nature of enrolment. Members in the informal sector would often enrol when they needed services such as maternity, elective surgical procedures or chronic illnesses and would opt out after NHIF had paid for the services.

2. Biometric Registration of Beneficiaries

460. The Fund contracted Munishram International Machines Ltd (MIBM) on 14th August 2017 for a period of 4 years (to July 2021) for the provision for biometric registration of NHIF members at a cost of Ksh1, 757,106,000. MIBM assigned this service to Nestor Limited at an annual contract sum of Ksh439, 276,500 to which NHIF consented. In 2021, NHIF carried out three (3) extensive countrywide field biometrics registrations which resulted in 3.3 million new registrations that year. As of 15th August 2023, the total figure of biometrically registered beneficiaries was 7,881,032. NHIF also provided for biometric registration of beneficiaries by accredited service providers.

461. The Committee observed that there was a possible conspiracy between the service providers and members of the public to defraud NHIF through fake claims. The service providers enticed the public to register biometrics in their hospitals. These biometrics were later used to seek payment of non-existent claims from NHIF as happened in the case of Amal Hospital Limited. Members of the NHIF confirmed to have been referred by colleagues to register their biometrics at a fee of Ksh7, 000 to Ksh10, 000. The use of service provider's especially private service providers to register biometrics for NHIF contributors was a glaring avenue for exploitation of the Fund.

462. The Committee concludes that, the licensing and accreditation process of health facilities and health service providers was flawed as some health facilities were wrongly categorized in higher levels that were not in tandem with their capacity, infrastructure and staffing levels.

CHAPTER SIX

6.1 COMMITTEE RECOMENDATIONS

463. The Committee in light of the Terms of Reference (ToRs) makes the following recommendations:

(A) TO ESTABLISH WHETHER THERE WAS FRAUD AND SUCH OTHER MALPRACTICES IN THE PAYMENT OF CLAIMS BY NHIF

Recommendations on Afya Bora Hospital Annex

- (i) The National Health Insurer immediately lifts the suspension of Afya Bora Hospital Annex and pays the outstanding verifiable claims.
- (ii) The National Health Insurer, within the next three months, takes the necessary disciplinary action against all NHIF staff involved in the verification of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at NHIF Mwea Branch.
- (iii) KMPDC re-categorises Afya Bora Hospital Annex and assign it the appropriate level.

Recommendations on Afya Bora Hospital

- (i) The National Health Insurer immediately lifts the suspension of Afya Bora Hospital and pays the outstanding verifiable claims.
- (ii) The National Health Insurer, within the next three months, takes the necessary disciplinary action against all NHIF staff involved in the verification of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at NHIF Mwea branch.
- (iii) KMPDC re-categorises Afya Bora Hospital and assign it the appropriate level.

Recommendations on Jekim Hospital Nkubu Ltd

The National Health Insurer immediately lifts the suspension of Jekim Hospital Nkubu Ltd and pays the outstanding verifiable claims.

Recommendations on Jekim Medical Centre

The National Health Insurer immediately lifts the suspension of Jekim Medical Centre and pays the outstanding verifiable claims.

Recommendations on Joy Nursing and Maternity Eastleigh Limited

- (i) The Directorate of Criminal Investigations, within three months, do finalise investigations on the fraudulent claims and operations of Joy Nursing and Maternity Eastleigh Limited and take appropriate action against all parties involved in the lodging and payment of the unverifiable claims by the facility.
- (ii) Within the next three months, the National Health Insurer takes the necessary disciplinary action against all NHIF staff involved in the verification of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at the NHIF Eastleigh branch.
- (iii) KMPDC permanently closes Joy Nursing and Maternity Eastleigh Limited immediately.

Recommendations on St Peters Orthopaedic and Surgical Speciality Centre

The National Insurer immediately lifts the suspension of St Peters Orthopaedic and Surgical Speciality Centre and pays the outstanding verifiable claims.

Recommendations on Amal Hospital Limited

- (i) The Directorate of Criminal Investigations, within three months, finalises investigations on the Amal Hospital Limited to recover unverifiable claims and payments and take appropriate action against all parties involved in the lodging and payment of the unverifiable claims by the facility.
- (ii) Within three months, the National Health Insurer takes the necessary disciplinary action against all NHIF staff involved in the verification of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at the NHIF Eastleigh branch.
- (iii) Kenya Medical Practitioners and Dentists Council immediately closes Amal Hospital Limited permanently.

Recommendations on Beirut Pharmacy and Medical Centre

- (i) The Directorate of Criminal Investigations, within three months, finalises investigations on the Beirut Pharmacy and Medical Centre to recover unverifiable claims and payments and take appropriate action against all parties involved in the lodging and payment of the unverifiable claims by the facility.
- (ii) Within three months, the National Health Insurer takes the necessary disciplinary action against all NHIF staff involved in the verification and payment of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at the NHIF Eastleigh branch.
- (iii) KMPDC immediately closes Beirut Pharmacy and Medical Centre permanently.

Recommendations on Murang'a High School Dispensary

The National Health Insurer immediately lifts the suspension of Murang'a High School Dispensary and pays the outstanding verifiable claims.

Recommendations on Chest and Skin Clinic

- (i) The National Health Insurer pays the outstanding verifiable claims of Chest and Skin Clinic.
- (ii) The EACC to, within three months, conduct investigations on the Audit Team that audited the *Edu Afya* Scheme and school administrators to ascertain whether the audit team solicited bribes from hospitals and school administrators to put them in the audit report.

Recommendations on Garissa Nursing Home

The National Health Insurer pays the outstanding verifiable claims of Garissa Nursing Home.

Recommendations on Aljazeera Hospital

- (i) The National Health Insurer pays the outstanding verifiable claims to Aljazeera Hospital.
- (ii) Within one month from the date of adoption of this Report by the National Assembly, Aljazeera Hospital enters into formal contracts with all visiting physicians and consultants.
- (iii) KMPDC, within three months, inspects and re-categorises Aljazeera Hospital to ensure that the facility complies with the requirements of a Level 5 hospital.

Recommendations on Medina Hospital

- (i) The National Health Insurer pays the outstanding verifiable claims to Medina Hospital.

- (ii) The hospital management to utilise and explore more fields of treatment as it was well equipped and has good infrastructure.

Recommendations on Charity Medical Centre

The National Health Insurer immediately lifts the suspension of Charity Medical Centre and pays their outstanding verifiable claims.

Recommendations on Elburgon Nursing Home

- (i) The National Health Insurer pays the outstanding verifiable claims to Elburgon Nursing Home.
- (ii) The Elburgon Nursing Home should relocate to a new premise and apply for re-inspection and re-categorisation by the KMPDC within six months, failure to which, the KMPDC to close the facility.
- (iii) The EACC, within three months, conducts investigations on the Audit Team that audited the *Edu Afya* Scheme and school administrators to ascertain whether the audit team solicited and took bribes from hospitals and school administrators to put them in the audit report.

Recommendations on Equity Afya Buruburu

Within the six months after the adoption of this Report by the National Assembly, the Directorate of Criminal Investigations investigates Equity Afya Buruburu, the NHIF Claim Managers, the Branch Manager and the Quality Assurance Officers at the NHIF Buruburu Branch involved in the verification of claims.

(B) TO ESTABLISH THE FINANCIAL STATUS OF THE NHIF

Recommendations on the Financial Status of NHIF:

- (i) The National Treasury to remit the outstanding premiums owed in the provision of National government-sponsored schemes to enable the National Health Insurer to settle all the pending reimbursements owed to service providers during the winding up period of the National Health Insurance Fund.
- (ii) Within six months after the adoption of this Report by the National Assembly, the National Health Insurer develops a policy that will provide for the advance payment of premiums by the national and county governments on behalf of the indigents.

Recommendation on Investments by NHIF

- (i) The National Health Insurer, within sixty days of the adoption of this Report by the House, submits a report on the status of all investments indicating the acreage of the land owned and the prevailing valuation of the assets.
- (ii) The Office of the Auditor-General to, within six months of the adoption of this Report by the House, conduct a special audit on the NHIF parking system to ascertain the amount of revenue collected through the parking system for the financial years 2011/2012 to date and the utilisation of monies collected.

Recommendations on Operating Expenses:

- (i) The National Health Insurer to deliberately allocate expenditure aligned towards the delivery of core mandate in its transformational journey to align with the new government expectation on UHC.
- (ii) The National Health Insurer, in future contractual engagements, do seek an opinion from the Office of the Attorney-General and use the services of its in-house legal counsel instead of procuring private law firms to prevent the high exposure in terms of legal fees.

Recommendations on Sponsored Programmes:

- (i) The National Treasury to remit the outstanding premiums owed in the provision of National government-sponsored schemes to enable the National Health Insurer to settle all the pending reimbursements owed to service providers during the winding up period of the National Health Insurance Fund.
- (ii) Within six months after the adoption of this Report by the National Assembly, the National Health Insurer develops a policy that will provide for the advance payment of premiums by the national and county governments on behalf of the indigents.

Recommendation on Managed Schemes:

- (i) The Auditor-General to, within six months from the adoption of this Report by the House, conduct a special audit pursuant to the Public Finance Management Act, Cap. 421A, on the usage, management and payments made out of the *Edu Afya* Scheme in the FY 2019/2020 to FY 2022/23.
- (ii) The EACC to, within three months from the adoption of this Report by the House, conduct investigations on the Audit Team that audited the *Edu Afya* Scheme and school administrators to ascertain whether –
 - a) The audit team solicited and obtained bribes from hospitals and school administrators so as not to adversely put them in the audit report; and
 - b) There was collusion between Hospitals, Schools, and NHIF staff to defraud the *Edu Afya* Scheme offered by NHIF through fraudulent claims.

Recommendation on Enhanced Schemes:

- (i) The National Health Insurer should not provide enhanced schemes and should instead focus on providing a comprehensive benefits package for all Kenyans including civil servants.
- (ii) The State Department for Public Service may procure an additional insurance cover for civil servants in the country separate from the insurance cover offered by the National Health Insurer.

Recommendation on Claims Management Division:

- (i) The Directorate of Criminal Investigations to, within three months from the adoption of this Report by the House, conduct investigations on the possible collusion between the service providers and the Claims Management Division at the NHIF and in particular the Manager of the Division and service providers in the preauthorisation of overseas treatment.
- (ii) Within six months after the adoption of this Report by the National Assembly, the Ethics and Anti-Corruption Commission conducts forensic audit on the Claims Management system to deter fraud.
- (iii) The Committee reprimands Ms Judith Karimi Otele for giving false evidence before the Committee.

Recommendation on Information, Communication and Technology Systems:

- (i) All the data in the ICT systems should be securely retained by the Social Health Authority and the existing ICT service providers of NHIF during the transition period up to seven (7) years.

- (ii) The National Health Insurer immediately automates its processes including preauthorisation of requests that do not require human intervention, and the empanelment of facilities and contracts to eliminate fraud.

Recommendation on MTRH Loan:

- (i) The MMA Advocates, within three months from the date of adoption of the Report by the House, do refund the monies irregularly paid.
- (ii) Within six months after the adoption of this Report by the National Assembly, EACC conducts investigations on the NHIF's contract with MMA Advocates for the MTRH Loan and the role of the current and previous Board of Management and the relevant staff in the legal, procurement and finance departments of the NHIF.
- (iii) The Auditor-General undertakes a special audit on the Moi Teaching and Referral Hospital loan and submit report to the National Assembly within three (3) months.

(c) TO ASSESS THE EFFICIENCY AND EFFECTIVENESS OF THE NHIF QUALITY ASSURANCE MECHANISMS

- (i) The Committee recommends that the Board of the National Health Insurer adopts a staff establishment that makes provision for a department on Quality Assurance that has staff with medical expertise for purposes of evaluating the requested medical procedures and ascertaining whether the procedures are medically necessary.
- (ii) The Committee further recommends that the National Health Insurer recruits adequate quality assurance personnel and that these personnel are equitably distributed based on workload.

(D) TO DETERMINE THE EFFICIENCY AND EFFECTIVENESS OF THE NHIF'S HUMAN RESOURCE MANAGEMENT:

Recommendation

- (i) Ms. Rachel Mwonyoncho be declared unfit to hold any public office.
- (ii) The Social Health Authority, in conducting a suitability assessment of the staff of the NHIF, to take note of the fact that the ten management employees were irregularly appointed and take appropriate action.
- (iii) Within three months after the adoption of this Report by the National Assembly, the Public Service Commission provides clear guidelines on the terms for engagements of staff on acting capacity and the procedure for confirmation in such positions.

(E) TO EVALUATE THE EFFICIENCY AND EFFECTIVENESS IN THE EMPANELMENT OF SERVICE PROVIDERS BY THE NHIF.

Recommendation on Beneficiary Management:

The Ministry of Health to enforce compulsory registration of all Kenyans above the age of eighteen as provided in the Social Health Insurance Act, 2023 to reduce adverse selection where the informal sector enrolled in NHIF only when in need of medical insurance.

Recommendation on Biometric Registration of Beneficiaries:

The National Health Insurer in the registration of the members and beneficiaries of the Social Health Insurance Fund should utilise the existing national government databases held by entities such as the National Reference Bureau to verify the identification documents and biometrics provided.

GENERAL OBSERVATIONS AND RECOMMENDATIONS

1. Within six months, the Auditor-General do undertake a special audit of the NHIF on the utilisation of funds disbursed towards payment of claims for the contracted health facilities in the financial year 2019/2020 to 2022/23.
2. The Board of the national insurer, in future contractual engagements, should seek an opinion from the Office of the Attorney-General instead of using private law firms, particularly in matters of interpretation of law to prevent the unnecessary usage of public funds.
3. Within six months, the Auditor-General do undertake a special audit of the WIBA contracts and all contracts procuring legal services in the financial year 2019/2020 to 2022/23.
4. The National Health Insurer should at all times ensure that all payments made are duly supported by requisite documents and adhere to the Public Procurement and Asset Disposal Act, Cap. 412 C and the attendant regulations.
5. The National Health Insurer to, in the conduct of its suitability assessment of the staff of the NHIF, consider the observations and recommendations of this report on internal audit, preauthorisation and claims management division as well as the report of the EACC and DCI on the involvement of the staff of the NHIF in fraudulent activities.
6. The KMPDC strengthens its monitoring systems and ensures proper categorisation of hospitals per level based on the factual infrastructure/capacity and personnel.
7. The KMPDC conducts re-categorisation of all health facilities in the country by September 2024 before the empanelment of the healthcare facilities by the national insurer in accordance with the prescribed criteria or guidelines.
8. The Directorate of Criminal Investigations, the Ethics and Anti-Corruption Commission and the Auditor-General submits progress reports on these investigations and audits within three months after the adoption of this Report by the National Assembly.

Signature.....  Date..... 31/05/2024

**HON. DR ROBERT PUKOSE, CBS, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	12 JUN 2024 DAY Wednesday
TABLED BY:	115 Chair. DC-Health Hon. (Dr.) Robert Pukose, MP
CLERK AT THE TABLE:	Minim Mod

ANNEXURE 1:

MINUTES OF THE COMMITTEE SITTINGS

MINUTES OF THE 50TH SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN HILTON GARDEN INN ON FRIDAY, 31ST MAY 2024 AT 2.00 P.M.

PRESENT

1. The Hon. Dr. Pukose Robert, CBS, M.P – **Chairperson**
2. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
3. The Hon. Mathenge Duncan Maina, M.P
4. The Hon. Mary Maingi, MP
5. The Hon. Prof. Jaldesa Guyo Waqo, M.P
6. The Hon. Oron Joshua Odongo, M.P
7. The Hon. Lenguris Pauline, M.P
8. The Hon. Kibagendi Antony, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P –**Vice-Chairperson**
2. The Hon. Dr. Nyikal James Wambura, M.P
3. The Hon. Wanyonyi Martin Pepela, M.P
4. The Hon. Titus Khamala, M.P
5. The Hon. Kipng'ok Reuben Kiborek, M.P
6. The Hon. Owino Martin Peters, M.P
7. The Hon. Muge Cynthia Jepkosgei, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale – Clerk Assistant I
2. Ms. Abigael Muinde – Reseach Officer III
3. Mr. Eric Lungai –Hansard Reporter III
4. Ms. Rahab Chepkilim – Audio Officer
5. Ms. Sheila Chebotibin – Senior Serjeant At Arms

MIN. NO. NA/DC-H/2024/204: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.30 a.m with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, CBS, M.P. Thereafter, a round of introductions was made.

MIN.NO.NA/DC-H/2024/205: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by the Hon. Kibagendi Antony, M.P and seconded by the Hon. Dr. Nyikal James Wambura, M.P.

MIN.NO.NA/DC-H/2024/206: COMMITTEE RECOMMENDATIONS ON THE REPORT ON INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENTS OF MEDICAL CLAIMS AND CAPITATION TO HEALTH FACILITIES BY THE NATIONAL HEALTH INSURANCE FUND

Based on the Terms of Reference (ToRs), the Committee makes the following recommendations:

(A) TO ESTABLISH WHETHER THERE WAS FRAUD AND SUCH OTHER MALPRACTICES IN THE PAYMENT OF CLAIMS BY NHIF

Recommendations on Afya Bora Hospital Annex

- (i) The National Health Insurer immediately lifts the suspension of Afya Bora Hospital Annex and pays the outstanding verifiable claims.
- (ii) The National Health Insurer, within the next three months, takes the necessary disciplinary action against all NHIF staff involved in the verification of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at NHIF Mwea Branch.
- (iii) KMPDC re-categorises Afya Bora Hospital Annex and assign it the appropriate level.

Recommendations on Afya Bora Hospital

- (i) The National Health Insurer immediately lifts the suspension of Afya Bora Hospital and pays the outstanding verifiable claims.
- (ii) The National Health Insurer, within the next three months, takes the necessary disciplinary action against all NHIF staff involved in the verification of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at NHIF Mwea branch.
- (iii) KMPDC re-categorises Afya Bora Hospital and assign it the appropriate level.

Recommendations on Jekim Hospital Nkubu Ltd

The National Health Insurer immediately lifts the suspension of Jekim Hospital Nkubu Ltd and pays the outstanding verifiable claims.

Recommendations on Jekim Medical Centre

The National Health Insurer immediately lifts the suspension of Jekim Medical Centre and pays the outstanding verifiable claims.

Recommendations on Joy Nursing and Maternity Eastleigh Limited

- (i) The Directorate of Criminal Investigations, within three months, do finalise investigations on the fraudulent claims and operations of Joy Nursing and Maternity Eastleigh Limited and take appropriate action against all parties involved in the lodging and payment of the unverifiable claims by the facility.
- (ii) Within the next three months, the National Health Insurer takes the necessary disciplinary action against all NHIF staff involved in the verification of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at the NHIF Eastleigh branch.
- (iii) KMPDC permanently closes Joy Nursing and Maternity Eastleigh Limited immediately.

Recommendations on St Peters Orthopaedic and Surgical Speciality Centre

The National Insurer immediately lifts the suspension of St Peters Orthopaedic and Surgical Speciality Centre and pays the outstanding verifiable claims.

Recommendations on Amal Hospital Limited

- (i) The Directorate of Criminal Investigations, within three months, finalises investigations on the Amal Hospital Limited to recover unverifiable claims and payments and take appropriate action against all parties involved in the lodging and payment of the unverifiable claims by the facility.
- (ii) Within three months, the National Health Insurer takes the necessary disciplinary action against all NHIF staff involved in the verification of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at the NHIF Eastleigh branch.
- (iii) Kenya Medical Practitioners and Dentists Council immediately closes Amal Hospital Limited permanently.

Recommendations on Beirut Pharmacy and Medical Centre

- (i) The Directorate of Criminal Investigations, within three months, finalises investigations on the Beirut Pharmacy and Medical Centre to recover unverifiable claims and payments and take appropriate action against all parties involved in the lodging and payment of the unverifiable claims by the facility.
- (ii) Within three months, the National Health Insurer takes the necessary disciplinary action against all NHIF staff involved in the verification and payment of claims, including the Claims Managers, the Branch Manager and the Quality Assurance Officers at the NHIF Eastleigh branch.
- (iii) KMPDC immediately closes Beirut Pharmacy and Medical Centre permanently.

Recommendations on Murang'a High School Dispensary

The National Health Insurer immediately lifts the suspension of Murang'a High School Dispensary and pays the outstanding verifiable claims.

Recommendations on Chest and Skin Clinic

- (i) The National Health Insurer pays the outstanding verifiable claims of Chest and Skin Clinic.
- (ii) The EACC to, within three months, conduct investigations on the Audit Team that audited the *Edu Afya* Scheme and school administrators to ascertain whether the audit team solicited bribes from hospitals and school administrators to put them in the audit report.

Recommendations on Garissa Nursing Home

The National Health Insurer pays the outstanding verifiable claims of Garissa Nursing Home.

Recommendations on Aljazeera Hospital

- (i) The National Health Insurer pays the outstanding verifiable claims to Aljazeera Hospital.
- (ii) Within one month from the date of adoption of this Report by the National Assembly, Aljazeera Hospital enters into formal contracts with all visiting physicians and consultants.
- (iii) KMPDC, within three months, inspects and re-categorises Aljazeera Hospital to ensure that the facility complies with the requirements of a Level 5 hospital.

Recommendations on Medina Hospital

- (i) The National Health Insurer pays the outstanding verifiable claims to Medina Hospital.
- (ii) The hospital management to utilise and explore more fields of treatment as it was well equipped and has good infrastructure.

Recommendations on Charity Medical Centre

The National Health Insurer immediately lifts the suspension of Charity Medical Centre and pays their outstanding verifiable claims.

Recommendations on Elburgon Nursing Home

- (i) The National Health Insurer pays the outstanding verifiable claims to Elburgon Nursing Home.
- (ii) The Elburgon Nursing Home should relocate to a new premise and apply for re-inspection and re-categorisation by the KMPDC within six months, failure to which, the KMPDC to close the facility.
- (iii) The EACC, within three months, conducts investigations on the Audit Team that audited the *Edu Afya* Scheme and school administrators to ascertain whether the audit team solicited and took bribes from hospitals and school administrators to put them in the audit report.

Recommendations on Equity Afya Buruburu

Within the six months after the adoption of this Report by the National Assembly, the Directorate of Criminal Investigations investigates Equity Afya Buruburu, the NHIF Claim Managers, the Branch Manager and the Quality Assurance Officers at the NHIF Buruburu Branch involved in the verification of claims.

(B) TO ESTABLISH THE FINANCIAL STATUS OF THE NHIF

Recommendations on the Financial Status of NHIF:

- (i) The National Treasury to remit the outstanding premiums owed in the provision of National government-sponsored schemes to enable the National Health Insurer to settle all the pending reimbursements owed to service providers during the winding up period of the National Health Insurance Fund.
- (ii) Within six months after the adoption of this Report by the National Assembly, the National Health Insurer develops a policy that will provide for the advance payment of premiums by the national and county governments on behalf of the indigents.

Recommendation on Investments by NHIF:

- (i) The National Health Insurer, within sixty days of the adoption of this Report by the House, submits a report on the status of all investments indicating the acreage of the land owned and the prevailing valuation of the assets.
- (ii) The Office of the Auditor-General to, within six months of the adoption of this Report by the House, conduct a special audit on the NHIF parking system to ascertain the amount of revenue collected through the parking system for the financial years 2011/2012 to date and the utilisation of monies collected.

Recommendations on Operating Expenses:

- (i) The National Health Insurer to deliberately allocate expenditure aligned towards the delivery of core mandate in its transformational journey to align with the new government expectation on UHC.

- (ii) The National Health Insurer, in future contractual engagements, do seek an opinion from the Office of the Attorney-General and use the services of its in-house legal counsel instead of procuring private law firms to prevent the high exposure in terms of legal fees.

Recommendations on Sponsored Programmes:

- (i) The National Treasury to remit the outstanding premiums owed in the provision of National government-sponsored schemes to enable the National Health Insurer to settle all the pending reimbursements owed to service providers during the winding up period of the National Health Insurance Fund.
- (ii) Within six months after the adoption of this Report by the National Assembly, the National Health Insurer develops a policy that will provide for the advance payment of premiums by the national and county governments on behalf of the indigents.

Recommendation on Managed Schemes:

- (i) The Auditor-General to, within six months from the adoption of this Report by the House, conduct a special audit pursuant to the Public Finance Management Act, Cap. 421A, on the usage, management and payments made out of the *Edu Afya* Scheme in the FY 2019/2020 to FY 2022/23.
- (ii) The EACC to, within three months from the adoption of this Report by the House, conduct investigations on the Audit Team that audited the *Edu Afya* Scheme and school administrators to ascertain whether –
 - a) The audit team solicited and obtained bribes from hospitals and school administrators so as not to adversely put them in the audit report; and
 - b) There was collusion between Hospitals, Schools, and NHIF staff to defraud the *Edu Afya* Scheme offered by NHIF through fraudulent claims.

Recommendation on Enhanced Schemes:

- (i) The National Health Insurer should not provide enhanced schemes and should instead focus on providing a comprehensive benefits package for all Kenyans including civil servants.
- (ii) The State Department for Public Service may procure an additional insurance cover for civil servants in the country separate from the insurance cover offered by the National Health Insurer.

Recommendation on Claims Management Division:

- (i) The Directorate of Criminal Investigations to, within three months from the adoption of this Report by the House, conduct investigations on the possible collusion between the service providers and the Claims Management Division at the NHIF and in particular the Manager of the Division and service providers in the preauthorisation of overseas treatment.
- (ii) Within six months after the adoption of this Report by the National Assembly, the Ethics and Anti-Corruption Commission conducts forensic audit on the Claims Management system to deter fraud.
- (iii) The Committee reprimands Ms Judith Karimi Otele for giving false evidence before the Committee.

Recommendation on Information, Communication and Technology Systems:

- (i) All the data in the ICT systems should be securely retained by the Social Health Authority and the existing ICT service providers of NHIF during the transition period up to seven (7) years.
- (ii) The National Health Insurer immediately automates its processes including preauthorisation of requests that do not require human intervention, and the empanelment of facilities and contracts to eliminate fraud.

Recommendation on MTRH Loan:

- (i) The MMA Advocates, within three months from the date of adoption of the Report by the House, do refund the monies irregularly paid.
- (ii) Within six months after the adoption of this Report by the National Assembly, EACC conducts investigations on the NHIF's contract with MMA Advocates for the MTRH Loan and the role of the current and previous Board of Management and the relevant staff in the legal, procurement and finance departments of the NHIF.
- (iii) The Auditor-General undertakes a special audit on the Moi Teaching and Referral Hospital loan and submit report to the National Assembly within three (3) months.

(C) TO ASSESS THE EFFICIENCY AND EFFECTIVENESS OF THE NHIF QUALITY ASSURANCE MECHANISMS

- (i) The Committee recommends that the Board of the National Health Insurer adopts a staff establishment that makes provision for a department on Quality Assurance that has staff with medical expertise for purposes of evaluating the requested medical procedures and ascertaining whether the procedures are medically necessary.
- (ii) The Committee further recommends that the National Health Insurer recruits adequate quality assurance personnel and that these personnel are equitably distributed based on workload.

(D) TO DETERMINE THE EFFICIENCY AND EFFECTIVENESS OF THE NHIF'S HUMAN RESOURCE MANAGEMENT:

Recommendation

- (i) Ms. Rachel Mwonyoncho be declared unfit to hold any public office.
- (ii) The Social Health Authority, in conducting a suitability assessment of the staff of the NHIF, to take note of the fact that the ten management employees were irregularly appointed and take appropriate action.
- (iii) Within three months after the adoption of this Report by the National Assembly, the Public Service Commission provides clear guidelines on the terms for engagements of staff on acting capacity and the procedure for confirmation in such positions.

(E) TO EVALUATE THE EFFICIENCY AND EFFECTIVENESS IN THE EMPANELMENT OF SERVICE PROVIDERS BY THE NHIF.

Recommendation on Beneficiary Management:

The Ministry of Health to enforce compulsory registration of all Kenyans above the age of eighteen as provided in the Social Health Insurance Act, 2023 to reduce adverse selection where the informal sector enrolled in NHIF only when in need of medical insurance.

Recommendation on Biometric Registration of Beneficiaries:

The National Health Insurer in the registration of the members and beneficiaries of the Social Health Insurance Fund should utilise the existing national government databases held by entities such as the National Reference Bureau to verify the identification documents and biometrics provided.

A. GENERAL OBSERVATIONS AND RECOMMENDATIONS

- (i) Within six months, the Auditor-General do undertake a special audit of the NHIF on the utilisation of funds disbursed towards payment of claims for the contracted health facilities in the financial year 2019/2020 to 2022/23.
- (ii) The Board of the national insurer, in future contractual engagements, should seek an opinion from the Office of the Attorney-General instead of using private law firms, particularly in matters of interpretation of law to prevent the unnecessary usage of public funds.
- (iii) Within six months, the Auditor-General do undertake a special audit of the WIBA contracts and all contracts procuring legal services in the financial year 2019/2020 to 2022/23.
- (iv) The National Health Insurer should at all times ensure that all payments made by it are duly supported by requisite documents and adhere to the Public Procurement and Asset Disposal Act, Cap. 412 C and the attendant regulations.
- (v) The National Health Insurer to, in the conduct of its suitability assessment of the staff of the NHIF, consider the observations and recommendations of this report on internal audit, preauthorisation and claims management division as well as the report of the EACC and DCI on the involvement of the staff of the NHIF in fraudulent activities.
- (vi) The KMPDC strengthens its monitoring systems and ensures proper categorisation of hospitals per level based on the factual infrastructure/capacity and personnel.
- (vii) The KMPDC conducts re-categorisation of all health facilities in the country by September 2024 before the empanelment of the healthcare facilities by the national insurer in accordance with the prescribed criteria or guidelines.
- (viii) The Directorate of Criminal Investigations, the Ethics and Anti-Corruption Commission and the Auditor-General submits progress reports on these investigations and audits within three months after the adoption of this Report by the National Assembly.

MIN. NO. NADC-H/2024/207: ADOPTION OF THE REPORT ON INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENTS OF MEDICAL CLAIMS AND CAPITATION TO HEALTH FACILITIES BY THE NATIONAL HEALTH INSURANCE FUND

After consideration by the Committee the report was adopted as the true deliberation of the Committee after it was proposed by Hon. Pauline lenguris MP and seconded by Hon. Prof. Guyo Jaldesa, MP.

MIN. NO. NADC-H/2024/208: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 4.25 p.m. The next meeting will be called on notice.

Sign..........Date..........

**HON. DR. ROBERT PUKOSE, CBS, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH**

MINUTES OF THE 49TH SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN HILTON GARDEN INN ON FRIDAY, 31ST MAY 2024 AT 10.00 A.M.

PRESENT

1. The Hon. Dr. Pukose Robert, CBS, M.P – **Chairperson**
2. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
3. The Hon. Mathenge Duncan Maina, M.P
4. The Hon. Mary Maingi, MP
5. The Hon. Prof. Jaldesa Guyo Waqo, M.P
6. The Hon. Oron Joshua Odongo, M.P
7. The Hon. Lenguris Pauline, M.P
8. The Hon. Kibagendi Antony, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P – **Vice-Chairperson**
2. The Hon. Dr. Nyikal James Wambura, M.P
3. The Hon. Wanyonyi Martin Pepela, M.P
4. The Hon. Titus Khamala, M.P
5. The Hon. Kipng'ok Reuben Kiborek, M.P
6. The Hon. Owino Martin Peters, M.P
7. The Hon. Muge Cynthia Jepkosgei, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale – Clerk Assistant I
2. Ms. Abigael Muinde – Reseach Officer III
3. Mr. Eric Lungai – Hansard Reporter III
4. Ms. Rahab Chepkilim – Audio Officer
5. Ms. Sheila Chebotibin – Senior Serjeant At Arms

MIN. NO. NA/DC-H/2024/203: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.30 a.m with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, CBS, M.P. Thereafter, a round of introductions was made.

MIN.NO.NA/DC-H/2024/204: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by the Hon. Kibagendi Antony, M.P and seconded by the Hon. Dr. Nyikal James Wambura, M.P.

MIN.NO.NA/DC-H/2024/205: COMMITTEE OBSERVATIONS ON THE REPORT ON INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENTS OF MEDICAL CLAIMS AND CAPITATION TO HEALTH FACILITIES BY THE NATIONAL HEALTH INSURANCE FUND

The Committee made the following observations concerning the NHIF processes according to its Terms of Reference (TORs):

(a) TO ESTABLISH WHETHER THERE WAS FRAUD AND SUCH OTHER MALPRACTICES IN THE PAYMENT OF CLAIMS BY NHIF

Observations during the Visit to Afya Bora Hospital Annex

The Committee observed that Afya Bora Hospital Annex:

- (i) had two theatres with receiving and recovery rooms;
- (ii) did not have x-ray equipment;
- (iii) did not have a mortuary;
- (iv) had adequate operating space with infrastructure including ICU and an HDU;
- (v) had a dental unit;
- (vi) had a maternity wing;
- (vii) had a physiotherapy unit;
- (viii) had orthopaedic equipment;
- (ix) since the scaling down, had one doctor, Dr Wachira, operating on his own and the facility did not have contracts with visiting doctors as they only came on a need basis;
- (x) is located in a mixed-use building with the outpatient located in the commercial section of the building (ground floor) and the rest of the facility located in the residential part of the building;
- (xi) records showed that most of its admissions were for NHIF beneficiaries;
- (xii) had a few cash patients at the time of the visit; and
- (xiii) had an ambulance.

Observations during the Visit to Afya Bora Hospital

The Committee found that Afya Bora Hospital was closed at the time of the inspection visit on 31st January 2024. The facility:

- (i) had empty beds and wards.
- (ii) had adequate operating space,
- (iii) had a theatre room;
- (iv) did not have x-ray equipment; and
- (v) did not have a mortuary.

Observations during the Visit to Jekim Hospital Nkubu Ltd

The Committee found that the facility:

- (i) Had adequate infrastructure for the level of care issued to it by the KMPDC;
- (ii) Was only serving a few cash-paying patients;
- (iii) Records had been taken by the DCI;
- (iv) Had two operating theatres, a dental unit, an ICU, an HDU, a maternity wing, a Class D laboratory, paediatric wards and a radiology unit.

Observations during the Visit to Jekim Medical Centre

The Committee found that the facility:

- (i) provides outpatient services;
- (ii) had adequate infrastructure for the level of care issued to it by the KMPDC;
- (iii) was only serving a few cash-paying patients; and

(iv) records had been taken by the DCI.

Observations during the Visit to Joy Nursing and Maternity Eastleigh Limited

The Committee found that the facility:

- (i) was in a residential apartment and the stairs were shared by the residents accessing their houses;
- (ii) did not have written contractual agreements with the alleged seventeen orthopaedic surgeons who were providing healthcare services at the facility;
- (iii) there were limited spaces at the reception, waiting area, consultation area and procedure rooms;
- (iv) did not have adequate infrastructure for the level granted by the KMPDC: there was no Class D licenced laboratory, no blood transfusion unit, no radiology unit, no maternity theatre, no advanced life support for emergency care, and no mortuary nor autopsy services; and
- (v) did not have resident physicians, paediatricians, gynaecologists nor surgeons as per the Kenya Quality Model for Health (KQMH) guidelines.

Observations during the Visit to St Peters Orthopaedic and Surgical Speciality Centre

The Committee found that the facility:

- (i) The hospital had a bed capacity of 180 beds. However, at the time of the visit, the Committee observed that there were only 23 patients admitted. This was against the claim by the hospital administration that the hospital was admitting more than 70 patients per day.
- (ii) Was clean, well-equipped and staffed;
- (iii) Had well-maintained theatre registers;
- (iv) Had a pharmacy and a Class E laboratory;

St Peters Orthopaedic and Surgical Speciality Centre met the requirements of a Level 5 hospital as per the Kenya Quality Model for Health (KQMH) guidelines.

Observations during the Visit to Amal Hospital Limited

The facility was closed at the time of the Committee visit even though neighbours of the facility indicated that the hospital was operational.

Observations during the Visit to the Beirut Pharmacy and Medical Centre

The Committee found that the facility was deserted. There was no furniture nor equipment. There were no staff nor patients.

Observations during the Visit to Murang'a High School

The Committee observed that:

- (i) the school had a building specifically designated for the dispensary;
- (ii) the dispensary had two nurses, a laboratory technologist, and a records officer. The Committee was informed that there was a visiting doctor who could be called in the event of severe cases;
- (iii) the dispensary serves a total of 2,400 students plus staff at the school;
- (iv) it attends to an average of 30 students a day and has a 14-bed capacity for short-term monitoring of patients suffering minor illnesses;
- (v) the dispensary referred students to Murang'a Hospital in the event of conditions not manageable with the existing capacity; and

- (vi) the facility had claimed a total of Ksh9,430,000 since the inception of *Edu Afya* and over the period NHIF had paid Ksh7,989,460 with an outstanding balance of Ksh1,440,540.

Observations during the Visit to the Chest and Skin Clinic

The Committee observed that:

- (i) On randomly sampled days, the clinic treated a large number of students ranging from around 20 to 35 in a single day;
- (ii) the facility had 18 beds, some of which had admitted patients;
- (iii) the hospital administrator was an ENT specialist and had further specialised in skin conditions; and
- (iv) the clinic had a pharmacy, a laboratory and two assisting nurses.

Observations during the Visit to Garissa Nursing Home

The Committee established that the facility:

- (i) had a pharmacy, laboratory and radiology department offering ultrasound and X-ray services;
- (ii) offered dental services;
- (iii) handled about three (3) deliveries per day in the maternity department of the hospital;
- (iv) had an operating theatre that shared a recovery and receiving room; and
- (v) from the sampled claims below as against the patient files, the NHIF invoices tallied with the claims submitted to NHIF.

Sample Outpatient claims made to NHIF

January 2022	-	4,328,603
January 2023	-	2,611,595
January 2024	-	808,920
Jan – June 2022	-	22,621,622
Jan – June 2023	-	5,811,130

Sample Inpatient claims made to NHIF

January 2022	-	3,122,360
January 2023	-	3,973,700
January 2024	-	601,400
Jan – June 2022	-	22,713,620
Jan – June 2023	-	13,855,840

Observations during the Visit to Aljazeera Hospital

The Committee observed that the facility:

- (i) Had an operating laboratory, dental unit, radiology department offering x-ray and ultrasound services, one operating theatre that shared a receiving and recovery room and a High Dependency Unit;
- (ii) Offered dialysis to about five patients a day and most theatre cases were minor;
- (iii) consultants run clinics at the facility on demand without formal contracts;

- (iv) outsourced physicians from the Garissa County Referral Hospital as it did not have a resident physician. Other services are also sought from the county referral hospital;
- (v) did not have adequate personnel to operate as a Level 5 hospital.

Observations during the Visit to Medina Hospital

The Committee observed that the facility:

- (i) had a 75-bed capacity;
- (ii) had a class D laboratory, dental unit, physiotherapy, eye unit, radiology department that offers ultrasound, X-ray and CT scan; maternity and a theatre that offers both minor and major surgeries, an ICU and an HDU;
- (iii) was well equipped with good infrastructure and was under-utilized; and
- (iv) from the sampled claims below as against the patient files, the NHIF invoices tallied with the claims submitted to NHIF:

Sample claims made to NHIF

2021	-	20,648,332
2022	-	53,390,202
2023	-	56,692,534

Sample Receipts from NHIF

2021	-	50,468,215
2022	-	50,468,215
2023	-	47,747,459

Observations during the Visit to Charity Medical Centre

The Committee observed that:

- (i) the owner of the facility was a consulting surgeon resident in the facility;
- (ii) the facility had an NHIF office where patient claims were lodged;
- (iii) the facility was adequately equipped for a level 4 with a theatre, X-ray and CT-scan services;
- (iv) the facility provided inpatient and outpatient services;
- (v) the facility had a well-laid-out patient flow;
- (vi) the facility had a genuine theatre list; and
- (vii) the NHIF was quick to deduct the disputed claims even though it owed the facility.

Observations during the Visit to Elburgon Nursing Home

The Committee observed that:

- (i) during the review of the hospital records, the facility could not provide school leave-out sheets for some months to support those students physically visiting the hospital for treatments;
- (ii) there was a variance between students treated and those discharged from school.
- (iii) the facility was in a crowded place within the town;
- (iv) the facility looked dirty and deserted;
- (v) the facility had a laboratory, clinic and a pharmacy that were not fit for patients;

- (vi) the facility building was not fit for a hospital and was not well maintained;
- (vii) the facility was licensed as a level 3 A for outpatient and maternity services;
- (viii) the NHIF had not suspended services and the facility was still offering services but was not being paid;

Observations during the Visit to Equity Afya Buruburu

The Committee observed that:

- (i) The hospital had a capacity of 65 beds, with 6 doctors, 2 nurses, 2 dentists and one ophthalmologist.
- (ii) there was no clear information on who verified the claims lodged by the facility, and
- (iii) the facility had paid back the alleged fictitious claims. However, the Committee was not convinced of the reason why the facility paid back. The Committee observed that this could be an avenue for service providers to get money from NHIF and repay later from their claims only if they are discovered.

(b) TO ESTABLISH THE FINANCIAL STATUS OF NHIF

1. Financial Status of NHIF

From the financial statements for the years 2019-2020, 2020-2021, and 2021-2022, the Committee noted that while premium contributions had increased three-fold, benefit pay-outs have increased five-fold over the same period, meaning that growth in benefit pay-outs had outpaced growth in premium contributions for NHIF. It was also observed that the Fund had liquidated some of its short-term investments without reinvestment. Short-term investments had also reduced from Ksh13,388,971,803 as of 30th June 2022 to Ksh8,232,200,000 as of 30th June 2023. This implies that if all factors were held constant, the NHIF's financial sustainability would have been compromised.

According to the financial status analysis, NHIF had a deficit of Ksh6,028,999,591 in FY 2022/2023 as the total collected benefits and other incomes were at Ksh75,088,880,320; while total paid benefits plus operating expenses were Ksh81,117,879,911.

The 2022/23 FY had closed with premiums owed by the Government totalling Ksh11,249,375,049. The implication of this was that some contributors would have been denied services and penalised for late payment of contributions whereas government-sponsored schemes were offered healthcare insurance on credit.

The Fund's investment policy provided that the Fund ought to have maintained an amount equivalent to not less than six months' worth of claims payment as provided in the annual estimates and investments in short-term securities. The Acting CEO at the time of the Inquiry had failed to justify the delays in reimbursement of rebates and capitations to service providers. The Investment and Quality Assurance Policies submitted to the Committee were neither signed nor dated by the Board.

2. Investments by NHIF

An analysis of the status of the Fund's investments shows that the Non-Current Assets were valued at Ksh13.1 billion as at the end of financial year 2022/23. Further, the Fund had invested in short-term securities (as guided by its Investment Policy). Notably, the value of short-term

investments reduced from Ksh13.4 billion (balance as of 30th June 2022) to Ksh8.2 billion (balance as of 30th June 2023).

NHIF purchased a car parking management system from KAPS in 2011 for collecting parking fees. The Committee observed that this system was solely managed by Crystal Valuers. No evidence was availed to confirm that NHIF had access rights to the KAPS system to monitor daily revenue collection before banking. Notably, NHIF used Ksh802,989 in 2014 to upgrade the parking management system but the system does not provide a detailed report on vehicles whose owners have been issued with access cards, time taken by daily parked vehicles to enable computation of amount payable and registration numbers of parked vehicles. For example, between 4th January 2021 to 16th January 2021 in Silo carpark and on 12th August 2019, 11th February 2020, and 14th May 2021 in Central parking, the system did not report any vehicle having used the pay point centres.

3. Operating expenses

There was an exponential increase in the NHIF operating expenses from Ksh7.58 billion in financial year 2020/21 to Ksh8.34 billion in the financial year 2021/22. Notably, Legal expenses increased from Ksh40 million to Ksh247 million (510% increase) while advertising and publicity expenses increased from Ksh85 million to Ksh301 million (251%).

4. Sponsored Programmes

The objective of the Kenya UHC Policy 2020–2030 was to expand access to comprehensive health services, especially for the under-served, marginalised and vulnerable populations while providing them financial protection. Sponsorship of indigents is vital in the journey towards the achievement of Universal Health Coverage for all Kenyans by ensuring that those with an income pay their insurance contributions while the poor and vulnerable in the society are paid for. The Government of Kenya is currently the biggest sponsor of 1.3 million indigents in three (3) Government health insurance subsidy programmes: Health Insurance Subsidy Programme for Orphaned and Vulnerable Children (HISP-OVC), Health Insurance Subsidy Programme for Older Persons and Persons with Severe Disabilities (HISP-OPSD) and the UHC Indigents Cover. In the Financial Year 2022/2023, there were seventy-three (73) sponsorships covering 1,435,330 indigent households. As of the end of FY 2022/23, the NHIF was owed by the government premiums totalling Ksh11,249,375,049.

5. Managed Schemes

A review of the submitted reports indicated that, in general, there was an increase in claims in managed schemes. The *Edu Afya* medical scheme's claims increased from Ksh847,221,027 in FY 2019/2020 to Ksh3,500,562,643 in FY 2022/23. The risk of fraud was higher in the enhanced schemes, for example, in *Edu Afya* as proven by the high number of reported fraud cases by service providers under investigation. Services in the schemes were mostly offered by Level Two facilities, most of which lacked the infrastructure for biometrics.

The National Health Scheme and Civil Servants Managed Schemes registered the highest paid overseas claims for FY 2021/22 at Ksh101,394,186 and Ksh102,268,020, respectively. This was still the case in FY 2022/23 at Ksh74,154,620 and Ksh82,142,977, respectively. The benefit pay-out ratio for the Civil Servants Scheme over the three years was over 100% making it untenable. The utilisation benefit pay-out ratio for the Retirees Scheme was 139% for FY 2021/22 while the National Police and Kenya Prisons Scheme had a pay-out ratio of 139%. Additionally,

utilisation reports and the submissions by Benefits, Claims, and Actuarial Services, together with the submissions by the Head of Beneficiary Management, confirmed that the NHIF-managed schemes did not give the NHIF value for money.

The Claims Management Division was adversely mentioned by whistle-blowers to have facilitated fraud in its function of preauthorisation of surgical procedures and other requests. It was further alleged that Ms Judith Karimi Otele had been sponsored by service providers to travel to India as an inducement for approval of overseas treatment in the facilities of these service providers. Ms Otele under oath informed the Committee that she had never travelled to India. However, her passport indicated she had travelled to India in February 2020 with an entry on 8th and an exit on 14th. She again travelled to India in May 2022 with an entry on 20th and an exit on 25th. The Committee also observed that between June 2019 and March 2022, she had travelled to Uganda, South Korea, Malaysia, Canada, Switzerland, and Thailand.

6. Emergency Rescue Services

NHIF had entered a 3-year renewable contract with Emergency Plus Medical Services (E-PLUS) (Kenya Red Cross Society effective 1st October 2020 to 30th September 2023). This contract was further renewed from 1st October 2022 to 30th September 2023 and executed on 30th December 2022. The 1st September 2020 tender issue attracted only one bidder. In this tender, the population increased to 4,067,351 from 1,250,000 when the tender was awarded. As such, the service should have been retendered rather than directly sourced. It was also noted that the Fund opted for a premium payment model rather than a fee-for-service model. As a result, the Fund paid Ksh936,002,949.50 under capitation for evacuation services, whereas the same would have costed Ksh205,115,923.00 assuming the use of the fee-for-service payment model.

7. Information and Communication Technology system

NHIF ICT solution was provided under two major contracts; one contract was for the ERP solution provided by an ICT firm named Fourtel Ltd since 1998. The Committee noted that the same supplier had continuously been awarded the maintenance contract of the same since 1998. The other major contract was to Great Sands Consulting for a comprehensive ICT review. At the same time, NHIF engaged Blue Sky Consulting to provide consultancy services for Business Process Reengineering and the implementation of the ICT Digital Transformation Roadmap at a cost of Ksh134,982,414. Other ICT consultants engaged in the three years under inquiry included: Envisage Multimedia Co., Smoothtel and Data Solutions Ltd. The Committee observed that the NHIF had invested hugely in the ICT system and was planning to invest additional resources, yet the system remained prone to mismanagement and fraud. The Committee also noted inconsistency in the submission of NHIF Acting CEO, Dr Samson Kuhora on the ICT system, particularly on whether the institution was planning to procure a new system or was planning to upgrade the existing system.

8. NHIF and MTRH Loan

The Ministry of Health wrote a letter, dated 1st December 2016 requesting NHIF to consider supporting the establishment of radiotherapy treatment centres at Moi Teaching and Referral Hospital and Kenyatta National Hospital due to the rising cancer cases in the country. Subsequently, MTRH wrote a letter dated 2nd February 2017 requesting funding from NHIF and specifying the details of the two proposed loans and proposed repayment periods and interest rates due. NHIF disbursed **Ksh312,669,869.20** on 8th September 2017 vide EFT17081893.001 to MTRH. The Committee noted that the money was disbursed even though the parties had not

executed a signed contract for the loan. MMA Advocates later invoiced for the instructions and deliverables at Ksh40,883,040 for preparing the documents and payment was made on 3rd October 2018. At the time that the Committee engaged the Ag. Director of Finance, the contract for the loan was yet to be executed despite NHIF making full payment of Ksh40,883,040 on 24th September 2018 vide EFT18093536.001. The Committee further observed that the legal fees were overpaid as the amount used to calculate the fee was not the actual money disbursed but rather the initial request amount for both MTRH and KNH and yet the KNH loan was never disbursed. Apart from the legal fees being overpaid, the advocate paid did not render the services.

(c) TO ASSESS THE EFFICIENCY AND EFFECTIVENESS OF THE NHIF QUALITY ASSURANCE MECHANISMS

The Committee observed that:

- (i) The NHIF did not have sufficient competent Quality Assurance Officers.
- (ii) The Quality Assurance and Contracting Division has 61 staff, with varied qualifications.
- (iii) The Quality Assurance and Contracting Division managed empanelment and accreditation requirements and processes for Healthcare Providers (HCPs) seeking enrolment into NHIF.
- (iv) The online platforms were supposed to provide accurate hospital biodata, and geo-coordinates, and to authenticate the provision of services.
- (v) The QA team was further tasked with ensuring facilities correctly fill in the offer letters for service provision. For purposes of re-contracting and quality assurance, the team verified Kenya Essential Package for Health (KEPH) levels, capacity of HCPs and actual number of in-patient beds which informed the amount of capitation, rebates and to some extent choice of hospital category. The reassessment exercise helped deter cases of HCPs launching fictitious claims, inappropriate higher levels of care allocated to some HCPs, false and unnecessary admissions of more than actual bed capacity, and unlicensed medical facilities and staff.
- (vi) The Manager, Quality Assurance and Contracting had the overall responsibility to ensure that empanelled HCPs are contracted.

(d) TO DETERMINE THE EFFICIENCY AND EFFECTIVENESS OF NHIF'S HUMAN RESOURCE MANAGEMENT

Human Resource Effectiveness and Efficiency

During the last five (5) years, a total of thirty-five (35) staff were promoted. Ten (10) of them were in the management category falling under the purview of Board appointment while the remaining twenty-five (25) were under the CEO's delegated authority. The Committee observed that the ten Staff were appointed to management positions without adhering to NHIF's Human Resource Policy. The Board appointed several staff in acting capacities in management positions and later the staff were confirmed to the positions and salaries backdated unprocedurally.

The Chairperson of the Board of Directors Sub-Committee on Human Resources, Ms Rachel Mwonyoncho submitted orally that the staff appointed by the Board in an acting capacity and

who were later confirmed had undergone suitability tests before the confirmation. She was however unable to provide evidence of the conduct of the alleged suitability assessments. Her assertions were further denied by the Human Resource Manager, Mr Tanui who submitted that he was one of the beneficiaries and he had not undergone any suitability assessment before his confirmation. The Committee takes note that Ms Rachel Mwonyoncho gave false evidence on oath.

(e) TO EVALUATE THE EFFICIENCY AND EFFECTIVENESS IN THE EMPANELMENT OF SERVICE PROVIDERS BY NHIF

1. Beneficiary management

The total enrolment membership of NHIF as of 2023 was 16,210,351, out of which 7,106,911 (44%) were active members. Between 2020/2021 and 2021/2022, there was tremendous growth in membership of 20% considering the commencement of the scale-up of UHC in December 2020 and the subsequent launch of UHC in February 2022. Member retention was stable and high in the formal sector while the retention rate in the informal sector was quite low due to the voluntary nature of enrolment. Members in the informal sector would often enrol when they needed services such as maternity, elective surgical procedures or chronic illnesses and would opt out after NHIF had paid for the services.

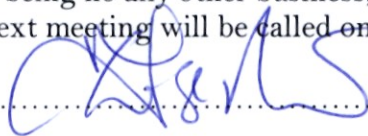
2. Biometric Registration of Beneficiaries

The Fund contracted Munishram International Machines Ltd (MIBM) on 14th August 2017 for a period of 4 years (to July 2021) for the provision for biometric registration of NHIF members at a cost of Ksh1,757,106,000. MIBM assigned this service to Nestor Limited at an annual contract sum of Ksh439,276,500 to which NHIF consented. In 2021, NHIF carried out three (3) extensive countrywide field biometrics registrations which resulted in 3.3 million new registrations that year. As of 15th August 2023, the total figure of biometrically registered beneficiaries was 7,881,032. NHIF also provided for biometric registration of beneficiaries by accredited service providers.

The Committee observed that there was a possible conspiracy between the service providers and members of the public to defraud NHIF through fake claims. The service providers enticed the public to register biometrics in their hospitals. These biometrics were later used to seek payment of non-existent claims from NHIF as happened in the case of Amal Hospital Limited. Members of the NHIF confirmed to have been referred by colleagues to register their biometrics at a fee of Ksh7,000 to Ksh10,000. The use of service providers especially private service providers to register biometrics for NHIF contributors was a glaring avenue for exploitation of the Fund.

MIN. NO. NADC-H/2024/206: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 12.25 p.m. The next meeting will be called on notice.

Sign..........Date.....4/6/2024.....

**HON. DR. ROBERT PUKOSE, CBS, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH**

MINUTES OF THE FOURTH (4TH) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN BUNGE TOWERS 5TH FLOOR ROOM 26 PARLIAMENT BUILDINGS ON THURSDAY, 15TH FEBRUARY, 2024 AT 9.00 A.M.

PRESENT

1. The Hon. Dr. Pukose Robert, EGH, M.P – **Chairperson**
2. The Hon. Dr. Nyikal James Wambura, M.P
3. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
4. The Hon. Prof. Jaldesa Guyo Waqo, M.P
5. The Hon. Mary Maingi, MP
6. The Hon. Lenguris Pauline, M.P
7. The Hon. Kibagendi Antony, M.P
8. The Hon. Oron Joshua Odongo, M.P
9. The Hon. Kipngor Reuben Kiborek, M.P
10. The Hon. Muge Cynthia Jepkosgei, M.P
11. The Hon. Mathenge Duncan Maina, M.P
12. The Hon. Wanyonyi Martin Pepela, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P -**Vice-Chairperson.**
2. The Hon. Owino Martin Peters, M.P
3. The Hon. Titus Khamala, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant I
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Faith Chepkemai Rotich - Legal Analyst II
4. Ms. Angela cheror - Public Communication Officer III
5. Mr. Eric Lungai - Hansard Reporter III
6. Ms. Abigel Muinde - Research Officer III
7. Mr. Abdi Salat - Principal Serjeant At Arms II
8. Ms. Rahab Chebkilim - Audio Officer II
9. Mr. Hillary Mageka - Media Relations Officer III

INATTENDANCE-MINISTRY OF HEALTH, NHIF, CEO KMPDC

- 1) Ms. Nakhumicha Wafula, EGH - Cabinet Secretary
- 2) Mr. Harry Kimtai - Principal Secretary
- 3) Dr. David Kariuki - KMPDC-CEO
- 4) Mr. Elijah Wachira - CEO NHIF
- 5) Mr. Hazel Koitaba - NHIF/SHA
- 6) Mr. Ingarira Robert - DFS-NHIF/SHA
- 7) Mr. Ibrahim Alio - DIRECTOR CORPORATE-NHIF
- 8) Ms. Evelyne Khamasi - SAMBISA NHIF
- 9) Mr. Tom Oboko - AG. PROCESS AUDIT
- 10) Mr. Samson Mutuku - AG MANAGER FORENSCI

MIN. NO. NA/DC-H/2024/15: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.30 a.m. with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, CBS, M.P, introductions were then done.

MIN. NO. NA/DC-H/2023/16: ADOPTION OF THE AGENDA

The agenda was adopted having been proposed by the Hon. Mary Maingi, MP and seconded by the Hon. Oron Joshua Odongo, M.P.

MIN. NO. NA/DC-H/2024/17: BRIEF BY THE RESEARCHER TO THE COMMITTEE

The Committee were briefed on the NHIF audit report and Committees' findings on the hospitals.

MIN. NO. NA/DC-H/2024/18: WELCOMING REMARKS BY THE CHAIRPERSON DEPARTMENTAL COMMITTEE.

The chairperson welcomed everyone to the meeting and informed the meeting that in line with the Committee's mandate, the Committee is conducting an inquiry into the allegations of questionable and suspicious claims settled by the National Health Insurance Fund (NHIF). He further indicated that the Cabinet Secretary for Health, in a press release stated that between January and December, 2023, out of the sixty-seven (67) audited hospitals, twenty-seven (27) were involved in fraudulent activities, resulting in loss of public funds.

The Committee therefore invited the Cabinet Secretary for Health and the two Principal Secretaries under the docket, the Chief Executive Officer of the National Health Insurance Fund (NHIF) and the Chief Executive Officer of Kenya Medical Practitioners and Dentists Council (KMPDC) for a meeting.

During the meeting, the Cabinet Secretary will present to the Committee for examination the audit report of all the audited hospitals as well as the status report on the transition from the National Health Insurance Fund to the Social Health Authority including the roadmap for winding up of the National Health Insurance Fund.

NA/DC-H/2024/19: RESPONSE BY THE CABINET SECRETARY ON THE INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENTS OF MEDICAL CLAIMS AND CAPITATION PAYMENTS TO HEALTH FACILITIES BY THE NATIONAL HEALTH INSURANCE FUND.

The Cabinet secretary indicated that the Directorate of Internal Audit undertook investigations on thirty-one (31) Healthcare Providers between July, 2022 and December, 2023 and found that they were breaches of contractual obligation.

Upon completion of the investigations, the reports were prepared and submitted to the Audit Committee of the Board. The Committee adopted the Internal Audit recommendations for subsequent approval by the Full Board of NHIF. Some of the recommendations were; refund of the fraudulent claims paid, stoppage of the payment for claims being processed and the Board to make a decision on the fate of the affected Health Care Providers in line with clause 16.6 of the contracts- whether to suspend the HCP or terminate the contract.

However, due to the transition of the National Health Insurance Fund to the Social Health Authority, the NHIF Board has not met to deliberate on the reports. Further, the Attorney General advisory to the effect that during transition the NHIF Board, only deals with the winding up of the Fund and not any other matter. This issue has therefore been left to be deliberated upon by the Social Health Authority (SHA) Board who will give direction and way forward on the affected Health Care Providers.

The Cabinet Secretary informed the Committee that Kenya Medical Practitioners and Dentist Council (KMPDC) will be the only body to inspect, categorise and licence all levels of hospitals before they are contracted by SHIF.

On the status of Edu Afya the Cabinet Secretary indicated that the contract came to an end and that they had discussions with Cabinet Secretary Ministry of education and they were yet to receive a letter from the Ministry of Education on extension of the contract of the scheme through NHIF.

The Principal Secretary Medical Services further added that KMPDC will be the lead agency into the empanelment to SHA. The Council should also do re-categorization to give the correct levelling for accountability in case of fraud unlike before where no one was held accountable.

The Principal Secretary Medical services also informed the Committee that doctors will be registered through digitalization to ensure that no doctor is performing in several facilities.

MIN. NO. NA/DC-H/2024/20: PRESENTATION BY THE CHIEF EXECUTIVE OFFICER (CEO), NATIONAL HEALTH INSURANCE FUND (NHIF)

The Chief Executive Officer (CEO), National Health Insurance Fund (NHIF) took the Committee through the report on investigations conducted between July, 2022 and December, 2023 on thirty-one (31) health care providers some of the sample hospitals he presented included;

Both Beirut Pharmacy and Medical Center and Amal Hospital Ltd contravened HCP contract clause 16.1: - which provides that the Health Care Provider undertakes that its employees or agents shall not, in the performance of the Health Care Provider's obligations under this Agreement, engage in any corrupt practice or fraudulent practice and Clause 16.1.1 intentionally using a higher-paying code on the claim for a Beneficiary to fraudulently reflect the use of a more expensive procedure, device or medicine than was actually used or was necessary.

Beirut Pharmacy and Medical Center should therefore pay back Kshs. 15,490,000 being paid on fraudulent claims and 114 claims totalling Kshs. 13,198,580 be rejected and that The Board to make a decision in line with clause 16.6 of HCP Contract and Amal Hospital Ltd facility should pay back Kshs. 7,653,000 and 237 claims totaling Kshs. 32,248,500 be rejected. The Board to to also make a decision in line with clause 16.6 of HCP Contract.

On the Surveillance carried out on sampled employers it was established that Seven (7) employees of one employer were established to be at work (supported by employer records) at the time of hospital claimed for admission leading to loss of Kshs. 910,000.

Jekim Hospital Nkubu Ltd to pay back Kshs. 1,004,220 and the Board to make a decision in line with clause 16.6 of HCP Contract. The facility contravened clause 4.1 of the contract on registration, licensing and certification of Health Care providers and clause 2.2.1 where HCP shall comply with applicable law and relevant policies issued by regulatory authorities.

The Committee was also informed on categorization of hospitals; level 1 as Community Facility run by certified clinical officer, level 2 is Health Facilities, level 3 Health Centers, level 4 District Hospitals, level 5 District Referral Hospitals and level 6 national referral hospitals.

MIN. NO. NA/DC-H/2024/21: THE CHIEF EXECUTIVE OFFICER (CEO) OF THE KENYA MEDICAL PRACTITIONERS AND DENTISTS' COUNCIL (KMPDC) RESPONSE ON THE INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENTS OF MEDICAL CLAIMS AND CAPITATION PAYMENTS TO HEALTH FACILITIES BY THE NATIONAL HEALTH INSURANCE FUND.

The Chief Executive Officer (CEO) informed the Committee that Kenya Medical Practitioners and Dentists 'council (KMPDC) keeps on changing their requirements as the population keeps on increasing and therefore other facilities are requests for upgrading. He further informed the Committee that in the next four to six months KMPDC will be doing the re-categorization of all the hospitals.

On the Joy Nursing home was categorized as level 2 by KMPDC not as a level 4 as it was reported.

MIN. NO. NA/DC-H/2024/22: PRESENTATION BY THE CABINET SECRETARY ON THE STATUS REPORT ON THE TRANSITION FROM NATIONAL HEALTH INSURANCE FUND (NHIF) TO SOCIAL HEALTH AUTHORITY (SHA)

The Cabinet secretary indicated that the transition committee (TC) on social health authority (SHA) was appointed vide a gazette notice no.603 of Friday 26th January 2024. The objective of TC is to ensure seamless transition from the National Health Insurance Fund (NHIF) to social health authority (SHA).

The cabinet secretary informed the committee on the Terms of Reference for the transition committee.

She further indicated that TC is a guided by the 1st schedule on transitional provision as provided by social health insurance Act, 2023. The TC is supported by secretariat of technical officer from the ministry of health. In order to achieve its objectives within six months, the TC has established three subcommittees, namely: finance; human resource; and legal, strategy and operational subcommittees.

The transition Committee has within two weeks, from January 30th to February 14th, 2024 be able to develop resolutions for immediate winding up and transitioning of NHIF to SHA. The NHIF board has commenced actions on the resolutions of the transition Committee and the TC has drawn up a draft transition roadmap. The roadmap indicates the actions expected to transition NHIF to SHA. The transition Committee is holding a two-day consultative workshop from 15th -16th February, 2024 in Nairobi to finalize the roadmap. Once the roadmap is finalized, the transition Committee will present it to joint meeting of NHIF and SHA boards and the Cabinet Secretary, Ministry of Health.

COMMENTS BY THE COMMITTEE MEMBERS OF PARLIAMENT.

- a) On the issues of Quality Assurance staffing, the Committee commented that there is need to have similar model as Community Health Promoters where each promoter is responsible for 100 households.
- b) The Committee also recommended that SHIF should not enter into contract with a facility that is not properly evaluated by the KMPDC and the Council to down grade the facilities that does not qualify the levels they are in.
- c) There is need for the Ministry of Health to strengthen their claims management during the new Social Health Authority to reduce on false claims by the hospitals.

- d) The Ministry to give urgent solution to ensure that students continue benefiting from Edu -Afya since several cases have been reported of students losing their lives because the program was stopped.
- e) The Committee cautioned NHIF against requesting for supplementary funding, noting that its mandate will lapse by end of 2023/2024 financial year.

MIN. NO. NADC-H/2024/23: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 1.30 p.m.

Sign..........Date.....20th Feb 2024.....

**HON. DR. ROBERT PUKOSE, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH**



MINUTES OF NINETY-FOURTH (94TH) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12 ON THURSDAY, 17TH AUGUST 2023 AT 10.00 A.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – **Chairperson**
2. The Hon. Dr. Nyikal James Wambura, M.P.
3. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
4. The Hon. Oron Joshua Odongo, M.P
5. The Hon. Prof. Jaldesa Guyo Waqo, M.P
6. The Hon. Mary Maingi, MP
7. The Hon. Kibagendi Antony, M.P
8. The Hon. Wanyonyi Martin Pepela, M.P
9. The Hon. Mathenge Duncan Maina, M.P
10. The Hon. Lenguris Pauline, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P -**Vice-Chairperson**
2. The Hon. Kipngor Reuben Kiborek, M.P
3. The Hon. Titus Khamala, M.P
4. The Hon. Muge Cynthia Jepkosgei, M.P
5. The Hon. Owino Martin Peters, M.P

COMMITTEE SECRETARIAT

- | | |
|------------------------|------------------------|
| 1. Mr. Hassan A. Arale | - Clerk Assistant I |
| 2. Ms. Faith Chepkemoi | - Legal Counsel II |
| 3. Ms. Abigel Muinde | - Research Officer III |
| 4. Mr. Benson Kimanzi | - Serjeant At Arms |
| 5. Mr. Hiram Kimuhu | -Fiscal Analyst III |
| 6. Ms. Rahab Chepkilim | - Audio Officer |
| 7. Ms. Angela Cheror | -Protocol officer |

INATTENDANCE

- | | |
|-------------------------|---|
| 1. Mr. Raymond Morley | - Fourtell-E-Africa Limited |
| 2. Mr. Stephen K. Simba | - Munshiram International Business Machines Ltd |

MIN. NO. NA/DC-H/2023/360: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.00 a.m. with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, M.P. thereafter introductions were done.

MIN. NO. NA/DC-H/2023/361: SUBMISSION BY THE MUNSHIRAM INTERNATIONAL BUSINESS MACHINES LTD

Munshiram international business machines limited presented their contract with National Hospital Insurance Fund (NHIF) on tender no. NHIF/DP/005/2021-2022 renewal of contract for maintenance of EHIMS Hardware, software and licenses renewal second annual cycle which is a contract for one year commencing from 15th July 2023 to 14th July 2024.

The appropriate annual contract sum is Ksh. 229,028,777.70) only inclusive of VAT.
The payment shall be made on a one-off payment for renewal and additional licenses of Ksh. 114,910, 87.72 only inclusive of VAT.

The quarterly contract amount for payment and maintenance support shall be Kenya shillings 28, 529,475.00 only inclusive of VAT.

On contract monitoring, the performance review shall be conducted on a quarterly basis by the contract implementation team, drawn from the representative of the services provider and NHIF. The Committee shall monitor and evaluate the obligations of this contract.

The joint Committee shall discuss ways of improving and strengthening the system to reduce fraud/eliminate, waste and abuse. And

The joint Committee shall be appointed by both NHIF and the services providers

MIN. NO. NA/DC-H/2023/362: SUBMISSION BY THE FOURTELL-E-AFRICA LIMITED

Fourtell E-Africa limited presented their contract with National Hospital Insurance Fund (NHIF) on tender no. NHIF/DP/004/2022-2023 renewal of contract for provision of software license and support maintenance (NHIF core system and data base). The contract for three years commencing from 1st March 2023 to 28th February 2026 both days inclusive, which will be renewed annually subject to the following conditions; -

That, performance appraisals shall be undertaken upon exemplary performance to the satisfaction of the client. The service provider shall express in writing the need to renew the contract for the new year.

The time allowed for provision for software licenses and support maintenance (NHIF core system and data base). Shall determine from the date when all of the following conditions have been fulfilled.

MIN. NO. NADC-H/2023/363: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 1.30 p.m.

Sign..........Date.....6/10/2023.....

**HON. DR. ROBERT PUKOSE, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH**

MINUTES HUNDRED AND FOURTH(104TH) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12 PARLIAMENT BUILDINGS ON TUESDAY, 12TH SEPTEMBER, 2023 AT 10.00 A.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – Chairperson
2. The Hon. Ntwiga Patrick Munene, M.P -Vice-Chairperson.
3. The Hon. Owino Martin Peters, M.P
4. The Hon. Mary Maingi, MP
5. The Hon. Prof. Jaldesa Guyo Waqo, M.P
6. The Hon. Kibagendi Antony, M.P
7. The Hon. Wanyonyi Martin Pepela, M.P
8. The Hon. Oron Joshua Odongo, M.P
9. The Hon. Dr. Nyikal James Wambura, M.P.
10. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
11. The Hon. Lenguris Pauline, M.P
12. The Hon. Muge Cynthia Jepkosgei, M.P

ABSENT WITH APOLOGY

1. The Hon. Kipngor Reuben Kiborek, M.P
2. The Hon. Mathenge Duncan Maina, M.P
3. The Hon. Titus Khamala, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant I
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Faith Chepkemoi - Legal Counsel II
4. Ms. Abigel Muinde - Research Officer III
5. Mr. Abdi Salat - Serjeant At Arms
6. Mr. Hiram Kimuhu -fiscal analyst
7. Mr. Hillary Mageka -Media relations Officer

INATTENDANCE

1. Mr. Justus Maeche - St Peter's Hospital
2. Dr. Wasena Angira - St. peters Hosipital
3. Dr. Wachira Gioko - Afya Bora Hosipital
4. Mr. Munene Njoroge - Afya Bora Hosipital
5. Ms. Berrile Wairimu - Afya Bora Hosipital
6. Ms. Jane Musili - Afya Bora Hosipital
7. Ms. Edith Gatwiri - Jekim Hosipital Nkubu
8. Ms. Ann Maina - Jekim Hosipital Nkubu
9. Mr. John Kirimi - Jekim Hosipital Nkubu
10. Ms. Esther Karabu - Jekim Hosipital Nkubu
11. Mr. Kithinji Mbaya - Jekim Hosipital Nkubu
12. Mr. Calpeters Mbaabu - Counsel for Jekim Hosipital
13. Ms. Wendy Marete - Jekim Medical Centre
14. Ms. Karwitha Jackline - Jekim Medical Centre
15. Ms. Shanen Nkirote - Jekim Medical

MIN. NO. NA/DC-H/2023/406: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.00 a.m. with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, M.P.

MIN.NO.NA/DC-H/2023/407: CONFIRMATION OF PREVIOUS MINUTES.

The agenda was deferred to the next meeting.

MIN. NO. NA/DC-H/2023/408; THE INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENT OF MEDICAL CLAIMS AND CAPITATION PAYMENTS TO HEALTH FACILITIES BY NHIF

The following hospitals appeared before the committee; Jekim Medical Center, Afya Bora Hospital, Annex, St. Peters Orthopaedic and Surgical Hospital, and Jekim Medical Centre.

It was noted that that institutions had not submitted their documents prior to the meeting and for that reason the meeting was adjourn.

WAYFORWARD

The committee resolved that;

- i. Documentation required for the inquiry be submitted before the committee in advance to allow members sufficient time to review.
- ii. The secretariat to provide a summary of the documentation.
- iii. The committee to hold an in-house meeting one hour before the inquiry meetings.

MIN. NO. NADC-H/2023/409: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 11.30 A.m.

Sign..... Date.....

HON. DR. ROBERT UKOSE, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES HUNDRED AND FIFTH(105TH) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12 PARLIAMENT BUILDINGS ON TUESDAY, 13TH SEPTEMBER, 2023 AT 10.00 A.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – **Chairperson**
2. The Hon. Ntwiga Patrick Munene, M.P -**Vice-Chairperson.**
3. The Hon. Owino Martin Peters, M.P
4. The Hon. Mary Maingi, MP
5. The Hon. Prof. Jaldesa Guyo Waqo, M.P
6. The Hon. Kibagendi Antony, M.P
7. The Hon. Wanyonyi Martin Pepela, M.P
8. The Hon. Oron Joshua Odongo, M.P
9. The Hon. Dr. Nyikal James Wambura, M.P.
10. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
11. The Hon. Lenguris Pauline, M.P
12. The Hon. Muge Cynthia Jepkosgei, M.P

ABSENT WITH APOLOGY

1. The Hon. Kipngor Reuben Kiborek, M.P
2. The Hon. Mathenge Duncan Maina, M.P
3. The Hon. Titus Khamala, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant I
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Faith Chepkemoi - Legal Counsel II
4. Ms. Abigel Muinde - Research Officer III
5. Mr. Abdi Salat - Serjeant At Arms
6. Mr. Hiram Kimuhu -Fiscal Analyst
- 7.

INNATTENDANCE-NHIF MANAGEMENT

1. Dr. Samson Kuhora - NHIF, Ag CEO
2. Ms. Evalyne Khamasi - SAM, Research and Policy
3. Mr. Wambugu Kariuki - South Rift Region Regional Manager
4. Ms. Francisca Mwanza - Ag. DFS
5. Mr. Bii Wesley - Ag. Manager QACs
6. Mr. Oscar k. Amwoga - Ag. Head HR
7. Mr. Julius Mwanzia - SAM, HRS
8. Mr. N. Poghisio Tomtom - SAM Financial Reporting
9. Mr. Gibson K. Mulfuhu - Head BM
10. Mr. Samson N. Mutuku - Ag. MGR Forensic A
11. Ms. Wairimu Gachemi - MGR Human Capital
12. Mr. Chrisostim Wafula - Ag. Mgr Claims Management
13. Mr. Tom Omboko - Ag. Manager Process Audit
14. Mr. B.k Njega - Manager Treasury
15. Mr. James Tama Musyoka - Senior Auditor
16. Ms. Florence Chepngetich - Senior Officer Comms

MIN. NO. NA/DC-H/2023/410: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.00 a.m. with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, M.P.

MIN.NO.NA/DC-H/2023/411: CONFIRMATION OF PREVIOUS MINUTES.

The agenda was deferred to the next meeting.

MIN. NO. NA/DC-H/2023/412; THE INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENT OF MEDICAL CLAIMS AND CAPITATION PAYMENTS TO HEALTH FACILITIES BY NHIF

The NHIF management submitted the documents to the committee for review as it had been requested. Following the huge volumes of the documentations it was resolved that the meeting be adjourn to Friday ,29th September to allow sufficient time for the secretariat to review and acquaint members.

Thereafter the Committee had an in-house meeting and agreed on the procedure for conducting the inquiry. It was agreed that one witness will appear before the committee at a time.

WAYFORWARD

The committee resolved that;

1. To hold a meeting with the eight hospitals on Monday 25thSeptember,2023 and on Friday 29TH September,2023 have a meeting with the NHIF management.
2. The committee will hold a meeting an hour before meeting witnesses to agree on issues under consideration.

MIN. NO. NADC-H/2023/413: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 11.30 A.m.

Sign..........Date.....6/10/2023.....

HON. DR. ROBERT PUKOSE, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES OF NINETY THIRD (93RD) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12 ON ~~THURSDAY~~ ^{TUESDAY}, 15TH AUGUST 2023 AT 10.00 A.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – **Chairperson**
2. The Hon. Ntwiga Patrick Munene, M.P -**Vice-Chairperson.**
3. The Hon. Dr. Nyikal James Wambura, M.P.
4. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
5. The Hon. Oron Joshua Odongo, M.P
6. The Hon. Mary Maingi, MP
7. The Hon. Wanyonyi Martin Pepela, M.P
8. The Hon. Mathenge Duncan Maina, M.P
9. The Hon. Lenguris Pauline, M.P
10. The Hon. Owino Martin Peters, M.P

ABSENT WITH APOLOGY

1. The Hon. Kipngor Reuben Kiborek, M.P
2. The Hon. Titus Khamala, M.P
3. The Hon. Muge Cynthia Jepkosgei, M.P
4. The Hon. Kibagendi Antony, M.P
5. The Hon. Prof. Jaldesa Guyo Waqo, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant I
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Faith Chepkemoi - Legal Counsel II
4. Ms. Abigel Muinde - Research Officer III
5. Mr. Benson Kimanzi - Serjeant At Arms
6. Mr. Hiram Kimuhu -Fiscal Analyst III
7. Ms. Rahab Chepkilim - Audio Officer
8. Ms. Angela Cheror -Protocol officer

INATTENDANCE

1. Dr. Samson Kuhora -AG.C.E. O NHIF
2. Eng. Michael Kamau -Chair NHIF
3. Mr. Francisca Mwanza -NHIF
4. Mr. Gilbert M. Osoro -Ag Manager UHC
5. Mr. Dennis M Gitaru -NHIF-Board Member
6. Ms. Evelyne Khamasi -Senior Assistant Management Research
7. Ms. Phylis Nyakiba -NHIF Head of Communication
8. Ms. Florence Chepngetich -NHIF Communication

MIN. NO. NA/DC-H/2023/356: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.00 a.m. with a word of prayer by The Hon. Dr. Pukose Robert, M.P -Chairperson. Thereafter introductions were done.

MIN. NO. NA/DC-H/2023/357: SUBMISSION BY THE ICT DIRECTOR NHIF

The ICT director presented that the biometric was put in place on 2018/2019 the biometrical system commenced in 2018 and the total number enrolled biometrically were 7,805,978 up to date.

He further indicated that they have facilitated hospitals to register members biometrically whenever they seek services and once verified, members unique fingerprint details will be captured.

Those Members without finger prints or with poor fingerprints, example those working in quarries or those with diseases that affect the quality of finger prints uses one-time password (OTP) mode of verification.

He told the committee that NHIF have deployed two system to support the members which include;

1. **Great Lakes Financial System:** that runs the office enterprise resource planning system that was deployed in the year 1998, with is currently 20 years in operation.
2. **Electronic Health Information Management System;** Which manages biometrics Registrations and E-claim management systems. The system was deployed in the year 2018. Electronic health information management system deals with core processes of NHIF that ranges from member registration, benefits administration, claims managements and reimbursement of claims.

He further stated that he has taken note of the emerging technologies and they will enhance the new contracts to provide for improvements.

MEMBER CLARIFICATION

1. Does NHIF process manual claims?
2. On Biometric capture why is it that with the 15.9m its only 5.7 people registered biometrically and when was it installed in place?
3. Why was Facial recognition not being used yet it is the current technology and it was offered for free by the service provider instead of the finger print recognition,
4. The members wanted to know if there are other insurance companies that uses one time pin
5. The committee wanted to know if the current system has the ability to detect fraud?
6. What are the capabilities of the current systems what do your intent to solve through upgrading.
7. Secondary school children are supposed to be the heathiest generation, what causes the increase of the sick children and how did the irregularities affect
8. In the year 2020/2021 and 2021/2022 what happened that allowed an increased 834,672 payout over the 2 billion.
9. The committee to understand why it pays premium at 9b for private insurances under WIBA while the claims for the last two years 200millin for the last two years.
10. Why are fraud more evidenced in certain schemes like EDU Afya and why?
11. Are there any fraud detection mechanisms?
12. It was previously indicated that 4.2m was to be used to replace the system was that the position?
13. Have the NHIF system been attacked?
14. Timeline and capacity to onboard everyone to biometrically.

RESPONSE

1. NHIF have a running contract that manages biometric identification process and the contractual agreement does not allow introduction of another aspect of the system from another vendor. NHIF is taking note of other forms of identification

- like facial recognition and to iris identification to Capture them as part of enhancement in the system.
2. The NHIF presented that the current system as certain challenges and needed upgrade and the board did a plan to upgrade the back office ERP system to enhance the current core system that supports the ERP application in the NHIF at the cost of 750 M which shall take care of the gaps in the current system. The gaps includes; hospital assessment, contracting surveillance, actuarial valuation, business enterprise reporting, risk management
 3. Upgrade of the back office will also deal with;
 1. Financial reporting that are exported outside the system.
 2. Aspects of security including cyber security threats.
 3. Optimize the current system in terms of documentations and audit trials.
 4. Current core system being used as challenges which included; Identification and verification of the members who seek care to reduce aspects of impersonation. currently using of one - time pin and finger print recognition for verification is used to reduce impersonation. The NHIF is also planning to enhance the use Facial recognition and iris scanning to reduce impersonation.
 5. Pre-authorization request, currently done on the system and being reviewed by quality assurance officers is in process of automation to have the details be verified by around 80% and only a few will need human intervention and this will ensure fraud reduction.
 6. Technologically the system can support the Facial recognition and iris scanning.
 7. The Ceo NHIF stated that;

Suspicious claims happens when claims are raised it does not interact with medical history. The storage capacity; v. here the data are only archived after short time. Contracting process is not managed and there is a need to have an E-contracting process. Issues of analytics are also limited. And finally, most of the data is not a machine readable and if it could be machine readable it could be manageable, the facilities need to update machine readable data.

WAYFORWARD

1. The Committee resolved to look at the report on upgrading in respect to the advice it will receive from the ICT authority.
2. NHIF should provide a list of injuries that the NHIF are paying for the last two years.

MIN. NO. NADC-H/2023/358: ANY OTHER BUSINESS

In reference to a letter Ref. No. MOH/ADM/Vol II/113 dated 14th August 2023 by the Cabinet Secretary concerning the appeal advertisement by KUCCPS from 22nd July, 2023 to 4th August, 2023 for the application, placement and admission of applicants into KMTC for diploma and Certificate levels for September, 2023 intake being against the law. The committee had a varied decisions and decide to have further interactions to consider the Appeal.

MIN. NO. NADC-H/2023/359: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 1.30 p.m.

Sign..........Date..........

HON. DR. ROBERT PUKOSE, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES OF NINETY-FIRST(91ST)SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12 ON TUESDAY, 8RD AUGUST, 2023 AT 10.00 A.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – **Chairperson**
2. The Hon. Dr. Nyikal James Wambura, M.P.
3. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
4. The Hon. Oron Joshua Odongo, M.P
5. The Hon. Kibagendi Antony, M.P
6. The Hon. Prof. Jaldesa Guyo Waqo, M.P
7. The Hon. Lenguris Pauline, M.P
8. The Hon. Muge Cynthia Jepkosgei, M.P
9. The Hon. Wanyonyi Martin Pepela, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P -**Vice-Chairperson.**
2. The Hon. Kipngor Reuben Kiborek, M.P
3. The Hon. Titus Khamala, M.P
4. The Hon. Mary Maingi, MP
5. The Hon. Mathenge Duncan Maina, M.P
6. The Hon. Owino Martin Peters, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant II
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Faith Chepkemoi - Legal Counsel II
4. Ms. Abigel Muinde - Research Officer III
5. Mr. Benson Kimanzi - Serjeant At Arms
6. Mr. Hiram Kimuhu -Fiscal Analyst III
7. Ms. Rahab Chepkilim - Audio Officer
8. Angela cheror -protocol officer

INATTENDANCE-NHIF

1. Dr. Samson Kuhora -AG.C.E. O NHIF .
2. Eng.Michael Kamau -Chair NHIF -
3. Mr. Francisca Mwanza -NHIF
4. Mr. Gilbert M.Osoro -Ag Manager UHC
5. Mr.Dennis M Gitaru -NHIF-Board Member
6. Ms. Evelyne Khamasi -Senior Assistant Management Research
7. Mr. Paghisho -Senior Assistant Manager.
8. MS.Ruth Makallah -NHIF-Legal Affairs
9. J.Otele-NHIF -Case Management

MIN. NO. NA/DC-H/2023/348: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.00 a.m. with a word of prayer by The Hon. Dr. Pukose Robert, M.P -Chairperson.

MIN. NO. NA/DC-H/2023/349: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING

1. Minutes of the 84th Sitting was confirmed as a true reflection of the proceedings having been proposed by The Hon. Oron Joshua Odongo, M.P and seconded by The Hon. Kibagendi Antony, M.P.
2. Minutes of the 85th sitting was confirmed as a true deliberation of the Committee after it was proposed by the Hon. Kibagendi Antoney, M.P Seconded by the Hon. Mary Maingi, MP
3. Minutes of the 86th sitting was confirmed as a true deliberation of the Committee after it was proposed by the Hon. Mary Maingi, M.P Seconded by the Hon. Wanyonyi Martin Pepela, M.P.
4. Minutes of the 87th sitting was confirmed as a true deliberation of the Committee after it was proposed by the Hon. Wanyonyi Martin Pepela, M.P Seconded by the Hon. Kibagendi Antoney, M.P
5. Minutes of the 88th Sitting were confirmed as a true reflection of the proceedings having been proposed by The Hon. Oron Joshua Odongo, M.P and seconded by The Hon. Kibagendi Antony, M.P.
6. Minutes of the 89 th Sitting were confirmed as a true reflection of the proceedings having been proposed by The Hon. Oron Joshua Odongo, M.P and seconded by The Hon. Kibagendi Antony, M.P.
7. Minutes of the 90th Sitting were confirmed as a true reflection of the proceedings having been proposed by The Hon. Oron Joshua Odongo, M.P and seconded by The Hon. Kibagendi Antony, M.P.

MIN. NO. NA/DC-H/2023/350: SUBMISSIONS BY THE NATIONAL HEALTH INSURANCE (NHIF)

The NHIF submitted a written response on the TORs advertised by the Committee. The CEO highlighted the contents of the written response on various aspects including the status of the eight hospitals that were exposed by the media.

Members' concerns and clarifications

a. Identified cases of medical Fraud at Facilities

- 1) From the data provided by the NHIF on identified fraud by hospitals, Aljabet medical hospital was reported to have abused the Edu Afya scheme through forged introduction letters, Induced demand, and treatment through unaccredited sanitoriums, and missing records. This led to the rejection of 11,359 claims worth **ksh 17,023,450** and a recovery of funds paid to the hospital worth **ksh 916,300**.
- 2) At Amal Hospital and Beirut Pharmacy and Medical Centre, the audit reveals that there was a mismatch of hospital and NHIF records and that there were inconsistencies in patient notifications and procedures carried out on patients.
- 3) At St Peter's orthopedic and surgical specialty Hospital, *one of the facilities exposed by the media as having been involved in unethical medical, practices*; The NHIF report indicated that the facility had billed over **ksh 379 million** for specialized orthopedic services yet the contract between NHIF and the facility did not provide for such specialized services. St Peters Orthopedic and surgical Hospital is a level four hospital.

The committee sought to be informed on how the pre-authorization approvals had been obtained.

- 4) It was eight weeks since some facilities had been exposed by the media for defrauding NHIF through unscrupulous, and unethical medical practices; and consequently 8 NHIF branch managers were suspended. The committee sought to be informed on the investigations had been completed and the Audit report be tabled.
- 5) From the submissions provided by NHIF, the committee observed an abnormal curve projection on Joy nursing maternity in Eastleigh which shows suspected inappropriate what is impropriety.
- 6) The report indicated that the reason for the suspension of the majority of the facilities, for example, Jekim Hospital was “**IMPROPRIETY**” The committee sought to understand what activities were reported as Impropriety.
- 7) What is the role of NHIF Headquarters in NHIF in approval of claims?

b. Human Resource Management

- 8) The committee had received a submission by a whistle-blower indicating extreme malpractice in Human resource appointments and promotions. The submission indicated that the previous board has appointed in an acting capacity unqualified individual who were later irregularly confirmed to the management positions. According to the report, such management positions are to be recruited on performance-based contracting, yet the listed individuals were on permanent and pensionable employment terms.
- 9) There were some irregularities in appointments that occurred on 1st September 2020 which were permanent and pensionable while the position was contractual for five years, the chair of the board to inform the committee if he is aware of the appointment and human resource head of the committee to inform the committee what the board has done.
- 10) All appointments were irregularly backdated resulting to a loss of public funds in millions of shillings.
- 11) In reference to the world bank report, has it been implemented and commissioned?
- 12) The committee was keen to understand the rationale of retaining the current chairperson of the human resource committee given she was still the chairperson when the reported irregularities happened.

c. THE NHIF ICT System

- 13) It was brought to the committee's attention that NHIF was planning to procure a new ERP system valued at over 4.2 billion Kenyan shillings. The NHIF should justify to the committee why they require a new system at that cost shillings 4.2 billion, and why the old system cannot be upgraded.

- 14) What are the gaps that are to be solved by the proposed new system that the current system is not capable of?
- 15) How many service providers have been contracted to maintain NHIF systems?
- 16) How many members have been enrolled biometrically and how many members are manually enrolled?
- 17) How does the system provide proof during pre-authorization, what methods are used to verify the member, and how does the ICT system handle referrals?
- 18) What strategic plans has NHIF put to Fastrack the biometric registration of its members?

Responses By the National Health Insurance Fund (NHIF)

a) Chief executive officer NHIF

The CEO presented as follows;

1. On issues of Impropriety the CEO stated that this are scope of dishonest activities that included the act fraud mistreatment or incomplete treatment, or dealing with procedures not provides, inducing demands or where treatment its outside the treatment guideline contract.
2. And for Jokim there were issue of induce demand, mistreatment, dealing with procedures not provides and transporting patients.
3. The CEO took the committee on the procedure of doing investigations and stated that; Provision within the suspension of contract or suspicion of fraud, suspicions are made from the basis of data or from the complaint by the members of public through call center or other platforms provides.
The Interdepartmental committee then formed to do an investigation on allegations where the team are given terms of reference for the investigation. For the investigation committee to verify if the allegations are true or false they do comparison of the data and the allegations and Seek access to medical record from the facility and facility that does not compile then the contract is suspended.

Within 90 days the recommendation of the report targets whether what happened was true or false and the liability of the facility whether it was a process issue or the system gap that is what the final report will entail from the investigative team.
4. The CEO stated that there were gaps in the current NHIF system and they wanted the system upgraded and therefore were in the process of purchasing a new Enterprise resource planning (ERP) system, which was to cost 4.2 Billion shillings.
5. The total cumulatively historical number of the beneficiaries and the principal members registered who have ever been registered in NHIF system are 15.7 million among the 15.7 members the active members are 7.2M.
6. The member who are manually registered to access services uses the NHIF card with identity card or NHIF number which are validated with the identity Card. The provision outside biometric NHIF therefore uses one time pin.

7. Each hospital is recognized has a separate entity in contract.

b) **Chair of the board NHIF**

The chair of the stated that he is aware of the appointments that were done and that they had substantive board meetings since January with serious engagement concerning the matter. He further stated that the process was fraud and anything with fraud needed abolition. The chair told the committee that he is aware of the world bank report but do not have the official copy and few months ago he had invited world bank to present the report and the minutes of the receipt of the report was done.

He further told the committee that the gaps are in the NHIF and the organization have been running without directors for the last three years and the institution had no capacity internally to internally at this time to implement the reports. There are no internal candidates in the human resource who can look at the reports and help the board implement the reports.

He also stated that the NHIF have serious challenges and some needed reforms.

c) **Internal Auditor Officers**

The Auditor officer presented that the responsible officers for payments are the branch managers. 17m were held in the NHIF system what were paid they recommended for refund payment.

The owner of the facility makes the false claims and person responsible for payments is the branch manager.

Payment is made at the head offices and the NHIF headquarters do reimbursement of funds.

For the Jekim facility they have done letter to give the audit reports by directors.

d) **Chair of the human resource Committee**

The head of the human resource committee stated that she was the chair of the human resource committee during that period of appointment and that the board was sitting in an organization with serious gaps that were not filled with positions and that many people were on an acting capacity.

On interim basis she told the committee that she can provide suitability assessment and the minutes that were done and can avail the to the committee the day after.

RECOMMENDATIONS

1. suitability and accessibility report by world bank consultants' states that appointee was not qualified and the board is therefore required to act on the world bank report and also the report done by masabi on NHIF and implement them.
2. The salaries of the appointees were backdated and payments were made from 1st September 2020 to 30th April 2021 this were irregular payments and led to the loss of public money. Therefore, those responsible should be held accountable and the matter should be taken up by the by board.
3. The appointments that were irregularly done be Revoke immediately and the persons responsible appear before the committee.

WAYFORWARD

1. NHIF was informed to provide the reports done for the 8 facilities that were exposed by media on alleged fraudulence.
2. The Committee resolved that the NHIF ICT to appear before the committee on Tuesday 14th August ,2023.
3. The secretariat were tasked to invite the Principal Secretary State Department for ICT and digital economy Ministry of Information, Communication and The Digital Economy and Chief Executive Officer Information Communication Technology (ICT) to appear before the committee and to discuss procurement of the new Enterprise resource planning (ERP) system, which in accordance to the government directives that all ICT related procurements should be implemented through you're the Ministry of Information Communication Technology (ICT).
4. NHIF was informed to provide the copy of the contracts by the service provider and the committee secretariat were tasked to invite the two service providers to appear before the committee to inform the committee on the procurement and maintenance of the system.
5. The chair of the human resource Committee was asked to Provide the suitability assessment,the minutes that were done during the board meeting and the report that was tabled report to the committee.
6. The report on evaluates the efficiency and effectiveness in empanelment of service providers by NHIF and the report on assess the efficiency and effectiveness of NHIF Quality assurance mechanisms will be combined.
7. The NHIF to provides contracts of the hospitals that were involved in Alleged fraudulence and exposed by media and provide the preliminary report.

MIN. NO. NADC-H/2023/351: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 1.30 p.m.

Sign..........Date..........

**HON. DR. ROBERT PUKOSE, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH**

MINUTES OF HUNDRED AND TWENTHY SECOND (122nd) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12 PARLIAMENT BUILDING ON TUESDAY ,24TH OCTOBER, 2023 AT 9.00 A.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – **Chairperson**
2. The Hon. Owino Martin Peters, M.P
3. The Hon. Wanyonyi Martin Pepela, M.P.
4. The Hon. Dr. Nyikal James Wambura, M.P.
5. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
6. The Hon. Mary Maingi, MP
7. The Hon. Oron Joshua Odongo, M.P
8. The Hon. Mathenge Duncan Maina, M.P
9. The Hon. Kipngor Reuben Kiborek, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P -**Vice-Chairperson**
2. The Hon. Titus Khamala, M.P
3. The Hon. Muge Cynthia Jepkosgei, M.P
4. The Hon. Prof. Jaldesa Guyo Waqo, M.P
5. The Hon. Lenguris Pauline, M.P
6. The Hon. Kibagendi Antony, M.P

COMMITTEE SECRETARIAT

- | | |
|-------------------------|-----------------------|
| 1. Mr. Hassan A. Arale | - Clerk Assistant I |
| 2. Ms. Gladys Kiprotich | - Clerk Assistant III |
| 3. Ms. Faith Chepkemoi | - Legal Counsel II |
| 4. Mr. Eric Lungai | - Hansard Officer III |
| 5. Mr. Hiram Kimuhu | - Fiscal Analyst |
| 6. Ms. Rahab Chebkilim | - Audio Officer |

INATTENDANCE

1. Mr. James Kapkiwok - Operations and Strategy and ICT Committee NHIF
2. Mr. Andrew Mugambi- Audit Sub-Committee Chairman
3. Dr. David G. Kariuki - Chief Executive Officer, Kenya Medical Practitioners and Dentists Council,

MIN. NO. NA/DC-H/2023/471: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.00 a.m. with a word of prayer by the Chairperson the Hon. Dr. Pukose Robert, M.P introductions were then done.

MIN. NO. NA/DC-H/2023/472: MEETING THE NHIF BOARD SUB-COMMITTEE CHAIRPERSON'S

- a. **Operations and Strategy Sub-Committee Chairman Mr. James Kapkirwok** presented that;

Technology is a key enabler and strategic tool of the processes. The ICT system in NHIF is already outdated, it is a legacy system that cannot integrate other process. The system was established in 1988. He indicated that there is need for an infrastructure that will be used to integrate all activities and processes.

The first meeting of the board took the upgrade of the system as a priority and establish that the kind of the system that was used was a legacy system.

On Empanelment and Payments ICT system should be able to detect multiple claims and flag them quickly. The current system is not able to raise red flags.

Operations

Technology should play a critical role in operation. The ICT should map all activities and able to intervene all the services. It should also ensure that little human intervention is used. NHIF is in the process of achieving a strategic role in the ICT to move to paperless environment,

Recommendation

- i. strengthen the quality assurance process and have enough staff on surveillance to monitor process.
- ii. Ensure the claims are correct before approval for payments and approval should be circulated to critical areas for transparency and also will enable identification of fraud and red flags.
- iii. The approval should be circulated to critical areas for transparency in this process fraud and red flags will be identified.
- iv. There is need for evaluation forums to evaluate the performance by the fund, key stakeholders should be invited by the board to inputs.
- v. The new act is important and it should be ensured that it fits for purpose, skills audit should be done and competitive process done to fill the structure with the right people.

b. Audit Sub-Committee Chairman Mr. Andrew Mugambi presented as follows:

On gaps identification

He indicated that there are two areas on the gaps in NHIF.

1. ICT system-The current system needs a long-term solution, to procure whole new system since some processes are done outside the system to ensure that all the processes are carried inside the system.
2. Staffing at NHIF – on the status of the staff there were no people in substantive positions, most of the positions were on acting capacity, having substantive people is always the best when it comes to decision making. This has been already addressed by recruitment process that was recently done.

Induced demand

Induced demand is the process were a physician's alleged ability to shift patients' demand for medical care at a given price to convince patients to increase their use of medical care. Facilities that practiced induced demand included;

1. Jekim Medical Centre-5.5M
2. Jekim limited

3. Joy Nursing and Maternity Home-72M
4. Afya Bora Hospital, Annex-7.5M
5. Afya Bora Annex-13.6M
6. St. Peters Orthopedic and surgical Hospital-14M

Recommendation

During the November's meeting board of the actions should have been done and separate what is fraudulent and that is not fraudulent and make payments those not fraudulent should be made.

c. Corporate Secretary

The corporate Secretary stated that Moi Teaching and Referral hospital was not handle has an internal procurement but came from the Ministry. Ministry of health wrote to NHIF on arrangement for international Atomic Agency (IAEA) to pay 25% and Kenya government to pay 75%. The MMA advocates were picked in 2017. The MMA fee were paid by NHIF after the money had been given to MTRH.

On the recovery discussions are ongoing with the advocates. The MTRH pays the loan through claims for a period of 10years, where the NHIF deducts the payments at the source. These is indicated between the signed contract between NHIF and MTRH.

MIN. NO. NA/DC-H/2023/473: PRESENTATION BY KENYA MEDICAL PRACTITIONERS AND DENTIST COUNCIL ON THE INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENT OF MEDICAL CLAIMS AND CAPITATION PAYMENTS TO HEALTH FACILITIES BY NHIF.

He further stated that the council is mandated to ensure the provision of quality and ethical health care through appropriate regulation of training, registration, licensing, inspections and professional practice in the country. Regulate the register and license of all the facilities on registration it sets the standards for students

Through its mandate of regulating hospitals, it has prepared a checklist. Checklist is compost of services provided by facilities. The CEO indicated that on the levels;

- a) Level 2 provides basic services.
- b) Level 3 basic services and mainly on maternity services.
- c) Level4a primary hospitals which are normally called district and it provides all general illness therapy and reproductive health
- d) Level 4b provide the general specialized services, mainly specialized services only.
- e) Level 5a provides specialized services
- f) Level 5b provide subspecialized services.
- g) Level 6provide all the services in addition to learning.

On the collaboration with NHIF to reduce Fraud;

1. The CEO indicated that NHIF utilizes the licenses provided by KMPDC to facilities to access the suitability to contract them to NHIF.
2. The KMPDC does a joint inspection where KMPDC invites the NHIF to provide officers to accompany them to.
3. An API is provided by the KMPDC to NHIF so that NHIF at any time can be able to access registration of beneficiaries.

The summary report of the eight facilities; KMPDC confirmed if the hospital had adhered to the procedures after the hospitals had been ask to vacate the patients. For example, On the Jekim medical Centre it is registered as level 3 facility by KMPDC by the time the KMPDC were visiting they were not using NHIF system. The system was closed.

Recommendations

KMPDC Board to review the quality of beds, linens mattresses in the facilities.

Way forward

Have a breakfast meeting with the KMPDC council to discuss on all levels of hospitals and the committee can put their input during the meeting.

MIN. NO. NADC-H/2023/474: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 4.30 p.m.

Sign..........Date..........

HON. DR. ROBERT PUKOSE, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES OF HUNDRED AND TWENTY FIRST (121ST) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12 PARLIAMENT BUILDING ON 19TH OCTOBER, 2023 AT 9.00 A.M

PRESENT

1. The Hon. Dr. Robert, Pukose M.P – **Chairperson**
2. The Hon. Patrick Ntwiga Munene, M.P -**Vice-Chairperson.**
3. The Hon. Dr. Nyikal James Wambura, M.P.
4. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
5. The Hon. Kibagendi Antony, M.P
6. The Hon. Lenguris Pauline, M.P
7. The Hon. Mary Maingi, MP
8. The Hon. Owino Martin Peters, M.P
9. The Hon. Prof. Jaldesa Guyo Waqo, M.P

ABSENT WITH APOLOGY

1. The Hon. Mathenge Duncan Maina, M.P
2. The Hon. Titus Khamala, M.P
3. The Hon. Muge Cynthia Jepkosgei, M.P
4. The Hon. Kipngor Reuben Kiborek, M.P
5. The Hon. Oron Joshua Odongo, M.P.
6. The Hon. Wanyonyi Martin Pepela, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant I
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Mr. Eric Lungai - Hansard Officer III
4. Mr. Hiram Kimuhu -Fiscal Analyst III
5. Ms. Rahab Chepkilim -Audio Officer III

INATTENDANCE-NHIF MANAGEMENT

1. Ms. Francisca Mwanza - Ag. Director Financial Services of NHIF
2. Mr. Douglas Owino - Manager of Quality Assurance and Contracting of NHIF

MIN. NO. NA/DC-H/2023/467: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.00 a.m. with a word of prayer by the Hon. Dr. Robert, Pukose M.P – Chairperson, introductions were then done.

MIN. NO. NA/DC-H/2023/468: PRESENTATION BY AG. DIRECTOR FINANCIAL SERVICES

Brief on the loan to the Moi Teaching and Referral Hospital for the purchase of Radiotherapy Equipment

The Ag. Director Financial Services Ms. Francisca Mwanza presented as follows; that;

The Ministry of health wrote a letter, dated 1st December 2016, requesting NHIF to consider supporting the establishment of radiotherapy treatment Centre at Moi Teaching and Referral Hospital and Kenyatta National Hospital due to the rising of cancer case in the Country. The Ministry attached the specification required for the machinery

Subsequently MTRH wrote back in a letter dated 2nd February 2017 requesting for funding from NHIF and specifying the details of the two proposed loans and proposed payment periods and interest rates due.

MTRH wrote a letter 4th April informing NHIF of the collaborative project between international Atomic Agency (IAEA) and GOK, the KEN/6/020. The letter informed NHIF that the beneficiary of the project. The letter includes another letter from Ministry of Health dated 16th match 2017.

MTRH wrote to NHIF letter dated July 2017 forwarding a new proposal on the radiotherapy equipment with the new purchase price together with the interest due amounting to 1,762,000,000/= at 3% interest per annum on reducing balance and payable over 10 years

This letter was followed by another letter dated 27th July 2017 from ministry of health who indicated their support of the request for a loan from NHIF to MTRH

Ministry of Health wrote another letter dated 15th August 2017 to NHIF regarding the programme framework (a references document for near and medium -term planning on technical corporation between the international atomic energy agency and the republic of Kenya Nuclear Electricity Board required to purchase the radiotherapy equipment for MTRH on cost sharing basis between (IAEA) and the Kenya Government.

A Board paper was prepared and presented to the benefit committee of the board in August 2017.

On 8th 2017 Kshs 312,667,869.00 was disbursed to Kenya nuclear electricity. A Board was prepared and to the full board on 25th January 2018 on the proposal to offer loan facility to MTRH. The funding issued instructions in May 2018 to MMA Advocates for legal opinion on procurement and acquisition of medical equipment as mandated by the Act. This was providing and payment towards this was made to MMA on 22nd June 2018 totaling Kshs 27,917,200.00/=incl of tax.

The fund issued further instructions on 11th June 2018 to MMA advocates vide letter, requesting for a draft contract to be prepared noting NHIF, s Act allow the fund under section 34 to procure and purchase essential medical equipment for hospitals as per the board terms and conditions and to ensure the funds interest are safeguarded.

A letter dated 12th July 2018 was written to the MMA advocate requesting them to prepared a finance contract between NHIF and MTRH as NHIF had already remitted the sum Kshs 312,669,869,00/= on being Government of Kenya contribution to Kenya Nuclear Electricity Board for the purchase of the equipment .The instruction included that the total amount advanced will be recovered from claims payable over a period of 10 years at an interest rate 3% per annum .The recoveries were to be effected at a monthly rate of Kes 3,019,163,55/= from February 2018 to January 2028.

MMA advocates responded on 13th July 2018 and indicating the instructions were received and shall be actioned MMA advocates responded vide letter dated 13th and indicating the instructions were received and shall be actioned.

The advocates forwarded the Draft head of terms between NHIF and MTRH, the draft memorandum of understanding between NHIF, IAEA and MTRH and the draft financing agreement between NHIF and MTRH.

On 14th august 2018 NHIF sent the draft head of terms of MTRH for review and comments. There was no response from MTRH on draft until NHIF sent subsequent reminders dated

10th September 2019, 23rd September 2019 and 7th October 2019. MTRH responded on 11th October 2019 and requested for amendment to be made on the contract.

MMA advocates invoiced for the and deliverables, Kshs 40,883,040.00 for preparing the documents and payment was made on 3rd October 2018.

Contracting signing status

NHIF legal department has been engaging with MTRH, in a bid to have the contract signed between 2018 and 2022. The main issue of contention has loading of the full legal fees onto the loan.

The matter was brought to the attention of the NHIF board, as it has been highlighted as a matter in the OAG report for the institution. The board during its sitting on 29th September 2023 guided that the NHIF should proceed and sign the contract with undisputed amounts of principal and legal fees. The minutes to be provided by the legal departments once dully signed.

Further NHIF was to pursue MMA Advocates on the variances therein. With the guidance of the board the NHIF has been able to secure an agreement with the MTRH and a final contract has been reviewed by both NHIF and MTRH teams and is currently being executed.

Repayment of Loan

MTRH has been making monthly loan repayment since January 2028 at a monthly repayment of Kshs. 3,019,163.55 and as at 30th August 2023 loan repayment was ksh. 205,107,583. This recovery is reflected in NHIF financial statements.

Recommendation

To ensure insurances work effectively there is need to find ways of having revenue on time. NHIF is struggling in terms of liquidity.

MIN. NO. NA/DC-H/2023/469: MANAGER OF QUALITY ASSURANCE AND CONTRACTING

Manager of Quality Assurance and Contracting submitted as follows;

Reassessment of healthcare providers

NHIF embarked on the health care providers 'reassessment and re-contracting. This involved evaluation and verification of services of all empaneled health care providers for purposes of re-contracting. The facilities that have expanded and added more services were reassessed to ascertain their capacity and readiness to provide quality of services to NHIF beneficiaries.

The manager indicated that compared to previous contracts the NHIF engaged key regulatory bodies in Health Sectors to ensure all empaneled Health care providers are complying with applicable laws and ensure adherence to set standards in the provisions of healthcare services. The following agencies were engaged in the exercise;

- a. Kenya medical practitioners and dentists' council-KMPDC
- b. Kenya health professional oversight authority-KHPOA
- c. Clinical Officers Council-COC
- d. Pharmacy and Poisons Board-PPB
- e. National Cancer Institute-NCI
- f. Kenya Medical Laboratory Technicians and Technologist Board-KMLTTB

During the re assessment exercise the Manager indicated that they flagged in 1400 facilities that did not meet the requirement given or assigned by KMPDC the facilities were on high levels. The NHIF team wrote a letter to the KMPDC for re-inspection and re-categorization and assigning the appropriate level of care.

He further indicated that the NHIF Uses the checklist from the KMPDC to countercheck the requirement of the facilities. He also informed the Committee that the levels of quality of care are dynamic and KMPDC needs to do frequent review of the levels of care and re-inspection and re-categorization.

On the capacity to inspect the facilities the CEO said NHIF has the capacity in terms of the qualification of the staff in the division which includes the clinical officers, lab technicians and nurses. The KMPDC also assigns a team and with the NHIF team it goes to the field with the guidelines/checklist by KMPDC to verified on the requirement of the level of care.

Quality assurance activities/roles of quality assurance

- a) They subject facilities to Kenya Quality Model for Health (KQMH) to ensure standard and all the facilities should meet 45% score.
- b) They also conduct audit on the facilities with theaters to ensure safety.
- c) Surveillance is done by quality assurance officers-where they confirm the patients admitted.

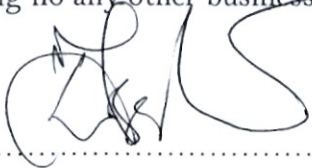
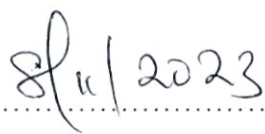
He also informed the Committee on the procedure of the Healthcare provider suspension, Quality procedure for contracting empaneled healthcare providers.

Challenge

There are no enough quality assurance officers in the county. NHIF has only 88 of them with one in certain branch and some branches sharing.

MIN. NO. NADC-H/2023/470: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 12.30 p.m.

Sign..........Date..........

HON. DR. ROBERT PUKOSE, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES OF SIXTHY EIGHTH SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN MEDIA CENTRE, PARLIAMENT BUILDINGS ON TUESDAY, 27TH JUNE, 2023 AT 10 .00 A.M.

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – Chairpers
2. The Hon. Ntwiga Patrick Munene, M.P -Vice-Chairperson.
3. The Hon. Dr. Nyikal James Wambura, M.P.
4. The Hon. Oron Joshua Odongo, M.P.
5. The Hon. Kibagendi Antony, M.P
6. The Hon. Prof. Jaldesa Guyo Waqo, M.P
7. The Hon. Wanyonyi Martin Pepela, M.P
8. The Hon. Mathenge Duncan Maina, M.P
9. The Hon. Muge Cynthia Jepkosgei, M.P
10. The Hon. Mary Maingi, MP
11. The Hon. Lenguris Pauline, M.P
12. The Hon. Kipngor Reuben Kiborek, M.P

ABSENT WITH APOLOGY

1. The Hon. Owino Martin Peters, M.P
2. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
3. The Hon. Titus Khamala, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant I
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Abigel Muinde - Research Officer III
4. Ms. Faith Chepkemoi - Legal Counsel II
5. Mr. Hiram Kimuhu -Fiscal Analyst III
6. Ms. Rahab Chepkilim -Audio Officer III
7. Mr. Henry Magaka -Media Relations III
8. Mr. Eric Lungai - Hansard Officer III

INATTENDANCE – NATIONAL HEALTH INSURANCE FUND

1. Mr. Harry Kimutai - Principal Secretary for state department of Medical Services.
2. Dr. David Kariuki - CEO (KMPDC)
3. Mr. Michael Kamau - Chairman NHIF Board
4. Mr. Denis Gitari - Board Member -NHIF
5. Mr. Samson Kuhora - CEO – NHIF
6. Ms. Francisisa Mwansa - Ag. DFS NHIF
7. B. K Njenga - Manager Treasury NHIF
8. Ms. Ruth Makallah - Ag. Corporate Secretary/ Head of Legal Services
9. Ms. Evalyne Kamasi - Senior Assistant Manager Business Intelligence

MIN. NO. NA/DC-H/2023/285: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10.00 a.m with a word of prayer by The Hon. Dr. Pukose Robert, M.P – Chairperson, introductions were then done.

MIN. NO. NA/DC-H/2023/286: REMARKS BY THE CHAIRPERSON NATIONAL ASSEMBLY COMMITTEE ON HEALTH

The chairperson of the Committee welcomed everyone to the meeting and stated that as people's representative and NHIF being a key institution and one of the drivers of Universal Health care in Kenya the committee seeks to know clearly why Kenyans are going through frustrations when it comes to seeking healthcare services using the NHIF cards.

He further stated that in recent months however, several issues have been raised about the integrity, accountability and transparency of National Health Insurance Fund (NHIF) owing to the allegations of collusion with health facilities for the payment of fraudulent and fictitious claims, delayed payment of capitations to health facilities, refusal of facilities to offer services to NHIF card holders and the cancellation of the recruitment of the CEO and the senior management staff.

The chairperson asked the following issues to NHIF for response;

1. Failure to remit NHIF capitations to hospitals which provides services to card holders;
2. The NHIF cash flow statements for the two years and their financial reserve policy, if any.
3. The refusal by hospitals countrywide to accept NHIF cards.
4. The cancellation of NHIF recruitment of the Chief Executive Officer and Senior Management Director.
5. Status of payment by NHIF on Edu Afya, Linda mama maternity cover and rebates and how much is pending, when was it paid last, how much the fund owes hospitals and when the balance will be settled, if any.

MIN. NO. NA/DC-H/2023/287: PRESENTATION BY THE C.E.O NATIONAL HEALTH INSURANCE FUND

The Principal Secretary for state department of Medical Service welcomed the finance officer to do presentations on the financial cashflows;

The presentation on the financial cash flow was not sufficient and the Committee's intent when requesting the financial statements was to get all information pertaining all monies received by NHIF from all the sources and how that money was being utilized. This was therefore lacking. The Principal Secretary pleaded with the Committee to be accorded another opportunity to provide a more detailed report that will address the Committee's concerns.

COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

1. On the issue of remittance of capitations to hospitals, the response provided was by the Rural Private Hospitals Association of Kenya. This was not entirely the problem at NHIF. The National Health Insurance fund had failed Kenyans. Subscribers were going through a lot of frustration as many hospitals were turning them away. There were historical problems at the institution that were affecting service delivery. The committee reiterated its commitment to ensuring they are solved for the benefit of the public.
2. From the documents submitted by NHIF, it was observed that while NHIF was claiming delays of the Exchequer as the reasons for delays in remitting funds to Hospitals, NHIF had reported surplus, and investments and was even offering loans to MTRH.

3. The Committee observed that some hospitals were promptly paid huge sums by NHIF while others had not been paid for a period of more than one year. The committee was concerned about the criteria used to remit funds to Hospitals.
4. Regarding the exposure by the media on medical fraud, in which some NHIF staff had been suspended, the Committee observed that NHIF staff at the headquarters are responsible for pre-authorizing service and authorizing claims and should take responsibility. Hospitals on the list suspended were also on the list and were paid huge funds by NHIF.
5. The Committee was informed that KPMDC suspended licenses of the mentioned facilities for 48 hrs to established patient safety in the said facilities. These facilities were serving not just NHIF-supported patients. To ensure access to health care services some facilities had been reopened but their NHIF contracts were suspended awaiting investigations.
6. Claims that some small hospitals accredited by NHIF were conducting more surgeries than Kenyatta National Hospital (KNH) and Moi Teaching and Referral Hospital (MTRH) combined. The committee was interested in knowing the truth. It was recommended that NHIF submits a report on the payment of claims to facilities segregated into individual facilities.
7. The Committee was informed that KPMDC responsibility was to license and register medical professionals and facilities to offer services in the different cadres. It was observed that these facilities use the KPMDC license to apply for NHIF accreditation. NHIF conducts its due diligence to accredited facilities. It was noted that periodically the two institutions hold joint inspections.
8. There were human resource issues at NHIF; unfair demotion, suspension, and the cancelation of the recruitment of the CEO and senior management. The Committee sought detailed information on human resource management. This was not responded to and will form part of the investigations during the inquiry.
9. The Acting CEO was the head of Claims before his appointment as acting CEO. The Committee will seek to understand his role and responsibilities as the highest fraud was reportedly in the claims division. The Committee will be interested to know how he rose to the position of acting CEO given that he was not the most senior in the institution.
10. The Committee directed the Ministry of Health not to interfere with staff that might be involved in the investigations as such might interfere with the inquiry process. However, this should not delay the ongoing recruitment of NHIF CEO and directors.

WAYFORWARD

The Chairperson gave a Ruling as Follows That;

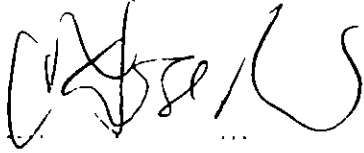
The committee will conduct a full inquiry on NHIF Activities pursuant to; Article 125 in the constitution of Kenya, 2010 and pursuant to the provisions of Standing Order 216 of the National Assembly Standing Orders a and thereafter make recommendations to the house.

MIN. NO. NA/DC-H/2023/288:

ADJOURNMENT

There being no any other business, The Chairperson, adjou ned the meeting at exactly 12 30
P m

Sign



Date....

4/7/2023

HON. DR. ROBERT PUKOSE, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES OF EIGHTY FIRST SITTING OF THE DEPARTMENTAL
COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12 PARLIAMENT
BUILDINGS ON TUESDAY, 25TH JULY, 2023 AT 10.00 P.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – **Chairperson**
2. The Hon. Dr. Nyikal James Wambura, M.P.
3. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
4. The Hon. Prof. Jaldesa Guyo Waqo, M.P
5. The Hon. Lenguris Pauline, M.P
6. The Hon. Owino Martin Peters, M.P
7. The Hon. Mary Maingi, MP
8. The Hon. Wanyonyi Martin Pepela, M.P
9. The Hon. Mathenge Duncan Maina, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P -Vice-Chairperson
2. The Hon. Titus Khamala, M.P
3. The Hon. Oron Joshua Odongo, M.P
4. The Hon. Muge Cynthia Jepkosgei, M.P
5. The Hon. Kibagendi Antony, M.P
6. The Hon. Kipngor Reuben Kiborek, M.P

COMMITTEE SECRETARIAT

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2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Faith Chepkemai - Legal Counsel II
4. Ms. Abigel Muinde - Research Officer III
5. Mr. Hiram Kimuhu -Fiscal analyst III
6. Mr. Adhi salat - Serjeant At Arms
7. Mr. Benson Kimanzi - Serjeant At Arms
8. Ms. Rahab Chepkilim - Audio Officer
9. Mr. Henry Mageka -Media Relations

INATTENDANCE-NATIONAL HEALTH INSURANCE FUND

1. Dr. Samson Kuhora -AG.C.E. O NHIF
2. Mr. Francisca Mwanza -NHIF
3. Mr. Gilbert M.Osoro -Ag Manager UHC
4. Ms. Julius Muli -ICT-M-NHIF
5. Mr. Ali Abdullahi -Health Provider Manager
6. Mr. B.K Njenga -Finance Services
7. Mr. Oscar Amwoga -Ahead HR/NHIF
8. Mr. Daniel Mulinge -AG H, P
9. Ms. Evelyne Khamasi -Senior Assistant Management Research
10. Mr. Paghisho -Senior Assistant Manager.

MIN. NO. NA/DC-H/2023/308: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 10:00 a.m. with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, M.P after which contribution was done.

MIN. NO. NA/DC-H/2023/309: CHAIRPERSONS' REMARKS

The Chairperson welcomed everyone into the meeting. He then requested everyone to introduce themselves before inviting National Hospital Insurance Fund to do their presentations. He thereafter stated that the purpose of the meeting was to give NHIF an opportunity to provide information on; the current financial status of NHIF, efficiency and effectiveness of the NHIF's human resource management, to explain whether there was corruption, fraud and other malpractices in the payment of claims to health facilities by NHIF as alleged in the investigative media reports, on the efficiency and effectiveness in the empanelment of service providers by NHIF.

MIN. NO. NA/DC-H/2023/310: PRESENTATION BY NATIONAL INSURANCE FUND

The NHIF submitted a written response on the TORs advertised by the Committee. The CEO highlighted the contents of the written response on various aspects including the current financial status which he presented on the following;

1. Policy of investments of funds
2. Status of fund's investments
3. Investment in short-terms securities
4. Claims reserves
5. Statements on NHIF contributes and other incomes

MIN. NO. NA/DC-H/2023/311: STATEMENT BY THE DR. KAMAMIA WA MURICHU- THE CHAIRMAN KENYA PHARMACEUTICAL DISTRIBUTORS ASSOCIATIONS.

He presented that some of the hospital which provide services and under NHIF, are abusing the provisions and practising fraud by overcharging the drugs dispensed. Majority of the facilities were dispensing generic drugs and charging NHIF the cost of the original molecules. He stated that they charge an extremely high amount, which is approximately two to five times more.

He argued that adoption of technology that will provide for verification of the exact molecule issued at the dispensing points as well as introduce sealings for the maximum prices.

He recommended that to minimize fraud in NHIF, there is need to employ technical people at the local levels who understand the costs of drugs, medical procedures and HPTs generally.

CLARIFICATIONS SOUGHT BY MEMBERS

- a) The NHIF to explain why claims have increased as a review of the reports provided indicated that there is an increase in claims in general. A thorough analysis of the EduAFYA medical schemes claims indicates a tremendous growth from Ksh 847,221,027 in FY 2019/2020 to Ksh 3,500,562,643 in FY 2022/23. From the identified fraud, EduAFYA scheme has the highest number of reported investigations and recoveries. Explain the reasons that lead to the increased claims.
- b) According to the policy on investment of funds, the NHIF maintains an amount equivalent to not less than six months' worth of estimated claims payment. If this is the practice, NHIF to explain the cause of payment delays to facilities.

- c) The investment policy submitted is not signed nor dated by the Board. The same applies to the Quality Assurance policy. NHIF to explain When were these policies adopted by the Board
- d) The committee wanted explanation of the outstanding penalties from statutory contributions totalling Kshs 1,620,154,223 in the last four financial years if it had been paid.
- e) NHIF to inform the committee on who initiates the payment of claims.
- f) Why did the NHIF made a loss of Kshs. 6 billion pin the FY 2022/2023?
- g) What is the cause of delays in payment of claims raised by health facilities?
- h) Who makes decisions to liquidate short-term decisions?
- i) The committee wanted to be informed on the structure of the case Management department.
- j) In the county contributions for both FY 2021/2022 and FY 2022/2023, Meru County has maintained the least contributions of below Kshs 8,000,000 (Eight million Kenya shillings) in both years while Nairobi County leads with over Kshs 215,000,000 (Two hundred and fifteen million Kenya shillings) in FY 2022/2023. NHIF to explain the contributing factor to the low performance by Meru County.
- k) Marsabit County was the least performing in remittance of funds, having failed to remit premiums for three months in FY 2021/2022 and five Months in FY 2022/2023. NHIF to give the reasons and measures implemented to ensure county governments remit their premiums regularly and on time.
- l) The committee wanted to understand the approval process of the overseas Claims and under what grounds
- m) The committee wanted to understand the final person and overall decision maker on preauthorization and approvals of the requests submitted by the facilities for payments of the claims.
- n) on who makes decisions about liquidation of the short term that led to the delays in payments of facilities.

RESPONSE BY NHIF

- a) The CEO stated that the NHIF has maintained a steady rise in revenues generated, with a 35.4% (19.6) rise in the last 5 years. The national schemes contributors made up 56.6% of total revenues in the last financial year.
- b) In the last five years, the expenditure on medical claims increased by 35.5% (KES 17.7 billion) to KES 72.9 billion in the last financial year. During time, the fund maintained the operating expense to 11.5% in the last financial year.
- c) The CEO stated that they have been pursuing the payment of premiums for the sponsored schemes with the Ministry of Health for payments of premiums to be done early.
- d) The NHIF submitted that if the funds are remitted by the government on time, then NHIF would be sustainable.
- e) Arrangement of payment of premiums by government entities had delayed and concerning the same NHIF have engage the cabinet secretary.
- f) The Manager Case Management submitted that; the Manager Case Management is Combination of eight clinical officers, four nurses, lab technologist and one bio-chemist, each officer doing specific packages e.g. Surgeries and optical. She further responded that Case manager responded that she supervises the 15 Case managers stationed at head officers.
- g) The introductions of Biometric verification have strengthened authentication processes, by ensuring accurate identification of beneficiaries.
- h) The process of claims is initiated from the health facilities with confirmation of the provision of treatment and related services. The contract signed between

NHIF and health facilities. The amounts for to be paid are costed and contained in the Benefits Schedule of the contract.

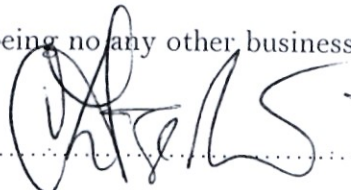
- i) Investigations have been completed in Alma hospital and the Beirut Hospital located in Eastleigh and reports submitted to the board and for the remaining hospitals investigation are ongoing and it started on June 16th 2023 and expected to be completed in 90 days.
- j) Approval is done by the Case Management Division of NHIF, headed by the Manager of Case Management.
- k) Head of provider management submitted that; quality assurance officers based at the branches confirms the claims and do not approve for the claims. The quality assurance officers are 75 in number and at least one officer in every branch although there are branches without quality assurance officers.

WAYFORWARD

- a) The Committee requested to be provided with the data on preauthorization and approvals by the Case Management Division, including overseas patients' data. and who has been approving them.
- b) NHIF to submit the list of branches without quality assurance officers.
- c) NHIF to Provide the list of quality assurance in the branches and their qualifications.
- d) The Committee resolve to have a meeting with National Hospital Insurance Fund (NHIF) on Tuesday, 1st August ,2023, at 10:00 and the meeting be attended by Cabinet Secretary, Principal Secretary State Department for Medical Services, Chief Executive Officer National Hospital Insurance Fund, the chairperson of the board, Board Members in charge of the Committee Finance, Human Resource and administration.

MIN. NO. NA/DC-H/2023/312: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 1.30 p.m.

Sign.....  Date 1/8/2023

HON. DR. ROBERT PUKOSE, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES OF HUNDRED AND TWENTHY THIRD (123RD) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12 PARLIAMENT BUILDING ON THURSDAY 26TH OCTOBER, 2023 AT 9.00 A.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – **Chairperson**
2. The Hon. Dr. Nyikal James Wambura, M.P.
3. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
4. The Hon. Mary Maingi, MP
5. The Hon. Oron Joshua Odongo, M.P.
6. The Hon. Prof. Jaldesa Guyo Waqo, M.P
7. The Hon. Wanyonyi Martin Pepela, M.P
8. The Hon. Owino Martin Peters, M.P
9. The Hon. Mathenge Duncan Maina, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P -Vice-Chairperson
2. The Hon. Titus Khamala, M.P
3. The Hon. Muge Cynthia Jepkosgei, M.P
4. The Hon. Kipngor Reuben Kiborek, M.P
5. The Hon. Kibagendi Antony, M.P
6. The Hon. Lenguris Pauline, M.P

COMMITTEE SECRETARIAT

- | | |
|-------------------------|------------------------|
| 1. Mr. Hassan A. Arale | - Clerk Assistant I |
| 2. Ms. Gladys Kiprotich | - Clerk Assistant III |
| 3. Mr. Eric Lungai | - Hansard Officer III |
| 4. Ms. Rahab Chebkilim | - Audio Officer III |
| 5. Ms. Abigaël Muinde | - Research Officer III |

INATTENDANCE-NHIF MANAGEMENT

1. Ms. Rose Mugambi- former Supply Chain Management Manager
2. Mr Peter Kinoti Mugambi- NHIF Card fraud Victim.

MIN. NO. NA/DC-H/2023/475: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 9.30 a.m. with a word of prayer by the Hon. Dr. Pukose Robert, M.P – Chairperson, introductions were then done.

MIN. NO. NA/DC-H/2023/476: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING

1. Minutes of the 117th Sitting was confirmed as a true reflection of the proceedings having been proposed by The Hon. Oron Joshua Odongo, M.P and seconded by the Hon. Duncan Mathenge Maina, M.P
2. Minutes of the 118th sitting was confirmed as a true deliberation of the Committee after it was proposed by the Hon. Owino Martin Peters, M.P and Seconded by the Hon. Dr. Nyikal James Wambura, M.P

3. Minutes of the 119th sitting was confirmed as a true deliberation of the Committee after it was proposed by the Hon. Oron Joshua Odongo, M.P and Seconded by the Hon. Mathenge Duncan Maina, M.P.
4. Minutes of the 120th sitting was confirmed as a true deliberation of the Committee after it was proposed by the Hon. Owino Martin Peters, M.P and Seconded by the Hon Duncan Maina, Mathenge M.P.

MIN. NO. NA/DC-H/2023/477: MEETING MR PETER KINOTI MUGAMBI-NHIF CARD FRAUD VICTIM IN ST. PETER'S ORTHOPEDIC CLINIC ON THE INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENT OF MEDICAL CLAIMS AND CAPITATION PAYMENTS TO HEALTH FACILITIES BY NHIF

Mr. Peter Kinoti who is 49years was involved in a motorcycle accident in 2013 where he got a knee fracture and after one year of treatment, he decided to seek care from a private hospital due to bone infection. In 2021 he got an advice from a doctor to seek special treatment from St peters orthopaedic hospital in Kiambu.

He then seek medication from St peters orthopaedic hospital in Kiambu. The hospital agreed that total knee replacement be done but quadriceps release was done instead. The patient was not satisfied because NHIF had approved shs. 300,000 for total knee replacement yet quadriceps were done.

Recommendation

NHIF to provide payment information for Mr. Peter Kinoti

MIN. NO. NA/DC-H/2023/478: MEETING THE NHIF SUPPLY CHAIN MANAGEMENT MANAGER ON THE INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENT OF MEDICAL CLAIMS AND CAPITATION PAYMENTS TO HEALTH FACILITIES BY NHIF

Procurement process of WIBA including the choice of payment mode

On the procurement process of Work Injury Benefit Act (WIBA) The Work Injury Benefits Act (WIBA) was enacted to guarantee the compensation of workers for injuries that arise while they are working and also for health conditions contracted in the course of their employments National Youth Service NYS and National Police Service, she indicated that traditional method could not work in the provision of service it was requested that they needed cover due to exposure. The ministry of health, public service and the national treasury discussed on how to take actualize the cover to the workers.

The approval was granted for the special procedure to cover WIBA at the large scale. 5% of the sum spread was to be retain by the NHIF to cover administration cost. A letter was then done to spread the risk to insurance companies. The first tier was the co-insurance. 5 core insurance were selected after tendering process that rank them and those who scored 85% were selected as the top 5. The risk was shared equally among the 5 insurances. The 5 co-insurances were to take two facultative insurances.

The money was remitted from the treasury and the NHIF was the administrator of the scheme.

WAYFORWARD

The committee to invite the CEO of the WIBA, the NHIF head of benefits design and actuarial services, finance and procurement to shed light to the committee on the WIBA.

MIN. NO. NADC-H/2023/479: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 12.30 p.m.

Sign..........Date..........

HON. DR. ROBERT PUKOSE, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES OF HUNDRED AND SEVENTEENTH (117TH) SITTING OF THE
DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12
ON MONDAY 9TH OCTOBER, 2023 AT 10.30 A.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – Chairperson
2. The Hon. Kibagendi Antony, M.P
3. The Hon. Lenguris Pauline, M.P
4. The Hon. Mathenge Duncan Maina, M.P
5. The Hon. Titus Khamala, M.P
6. The Hon. Muge Cynthia Jepkosgei, M.P
7. The Hon. Kipngor Reuben Kiborek, M.P
8. The Hon. Oron Joshua Odongo, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P -Vice-Chairperson.
2. The Hon. Dr. Nyikal James Wambura, M.P.
3. The Hon. Owino Martin Peters, M.P
4. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
5. The Hon. Prof. Jaldesa Guyo Waqo, M.P
6. The Hon. Mary Maingi, MP
7. The Hon. Wanyonyi Martin Pepela, M.P

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant I
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Faith Chepkemoi - Legal Counsel II
4. Mr. Eric Lungai - Hansard Officer III
5. Ms. Abigel Muinde - Research Officer III
6. Mr. Hiram Kimuhu -Fiscal Analyst III
7. Mr. Benson Kimanzi - Serjeant-At-Arms
8. Ms. Victoria Wanjiku - Intern

WITNESSES

1. Ms. Wendy Kagwere, Administrator - Jekim Medical Center.
2. Ms. Edith Gatwiri, Administrator - Jekim Hospital Nkubu
3. Dr. Wachira Waigoko -Director Afya Bora Hospital
4. Ms. Beatrice Wairimu, Administrator - Afya Bora Annex
5. Dr. Wasena Angira - Director St. Peters Orthopaedic and
Surgical Specialist Center
6. Mr. Kennedy Otieno, Director - Joy Nursing and Maternity Hospital
7. Mr. Hussein Kuso, Legal Counsel - AmaL Hospital and Beirut Pharmacy.

MIN. NO. NA/DC-H/2023/452: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 9.30 a.m. with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, M.P.

MIN. NO. NA/DC-H/2023/453: MEETING ON THE INQUIRY IN TO THE ALLEGED FRAUDULENT PAYMENT OF HOSPITALS BY NATIONAL HOSPITAL INSURANCE FUND (NHIF)

The Committee met the management of the following hospitals;

A. JEKIM MEDICAL CENTER – MS. WENDY KAGWERE, ADMINISTRATOR

The administrator submitted to the committee as follows: that,

- a) Jekim Medical Center shares the same directors with Jekim Hospital but the two are completely different entities.
- b) They admit patients on referral basis to Jekim Hospital on the tests that are unavailable to them as a level 2 Hospital. They also refer patients to the district's hospitals like Meru Level 5 and they did not organize any medical camps.
- c) They have no relationship with any other facility and specifically no relationship with the hospital in Eastleigh.
- d) The highest qualification of their medical staff is a clinical officer.
- e) There is no sub-county hospital in Nkubu and the level 5 Hospital is located in Meru.
- f) The staff in the facility comprises of 3 Clinical officers, a community oral health officer, a dental assistant, 2 nurses, a lab technician and other subordinate staff.
- g) They did not pick up any students nor offer them any refreshments.

The Committee was informed that,

1. The qualification of the administrator is a holder of a degree in Bachelor of Science in Information Technology.
2. On why patients will go to the farthest school would leave the nearest facility and come to Jekim? The administrator said it was because of their good services.
3. In medical records there were no medical records and no records of patients that were referred to other hospitals. They would only give a prescription and a referral letter to the patient. For the 20 patients the Committee inquired about, there were no records of them and that the records could have been misplaced when they were transitioning.
4. The preauthorization process in Jekim is that, they receive a patient, take their biometrics, notify NHIF and wait for the medical report from the online system. When asking for the payment, they ask for the guidance of NHIF and if it takes long, they wait.
5. The relationship between NHIF and Jekim medical centre- the NHIF branch is in Meru town and about 25 kilometres from Nkubu. NHIF had visited the facility in February 2023 to assess their progress and check whether they are compliant. They also visited in June 2023 to carry out assessments. Officers from NHIF headquarters visited Jekim medical center on 26th June 2023 and carried out audits of their systems but they are yet to give a report to them.
6. On the 15 students were given transport and refreshments by Jekim medical center but the administrator claimed that they did not do that, and also that Jekim Medical center made claims using the wrong codes and they did not refund NHIF.

B. JEKIM HOSPITAL NKUBU – EDITH GATWIRI, ADMINISTRATOR

The Committee was informed that,

The administrator submitted to the committee that Jekim Hospital Nkubu is a level 4 hospital that conducts general surgery. It has a capacity of 80 beds, two theatres, one X-ray, one ultra sound, one dentist, visiting doctors and surgeons and no resident officers.

The administrator has a Diploma in Business Administration and worked in the Hospital for four years.

The total staff deployment and qualifications in Jekim hospital Nkubu is 120 staff who include 3 resident medical doctors, 9 clinical officers, 36 nurses for inpatients and outpatient services, dentists, dental technicians, 4 lab technicians, a pharmacist, 4 pharmaceutical technician, one radiologist, one nutritionist. The facility also carries out arthroscopy even though they do not have the equipment.

The Committee noted that, Jekim Hospital is in a contract with NHIF to offer Arthroscopy yet they lack the medical equipment and the specialized doctor; and that they contact Harleys and Smith Company to come with the equipment for the arthroscopy.

The Committee noted that there were 22 diagnosis that did not tally with the history of patients or the laboratory investigations which led to a loss of Ksh. 15,000 to which the administrator said she had no knowledge about. The Committee resolved that within 7 days Jekim Hospital should give a list of NHIF patients in their hospital.

Relationship with NHIF- the administrator was uncertain on whether they conduct pre-authorization with the NHIF local branch or the headquarters. The hospital contacts the quality assurance manager at the branch if the pre-authorization takes long. NHIF has not recovered any money from them. NHIF visits them once a month the last visit been 26th June 2023.

On Medical camps she clarified that Jekim Hospital has never engaged in any medical camps and their relationship with Jekim Medical Center is receiving referral patients from them for admission if any. Similarly, there is no relationship between Jekim Hospital and Joy Nursing and St. Peters orthopaedic centre and never received referral from them.

The committee noted that Jekim Hospital has 120 beds instead of 80 whereby the extra beds are for the Linda mama which is acting in contrary to the license they are issued with. That the administrator claimed that the Hospital meets all the requirements of a level 4 hospital which was false as their medical staff are only a quarter of what is stipulated in the requirements.

C. AFYA BORA HOSPITAL – DR. WACHIRA WAIGOKO -DIRECTOR

The director Dr. Wachira Waigako who has a bachelor's degree in medicine and surgery and a master's in Medicine and Business Administration all from the University of Nairobi. submitted that. Afya Bora hospital was founded in 2016 and it was a family hospital at inception. In 2018 NHIF accredited it. The hospital offers in and outpatient services in maternity, laboratory, pharmacy, orthopaedics and spine among others. They encounter 2600 patients annually. The hospital has a capacity of 60 beds. 2 theatres: maternity and general surgical procedures, a radiotherapy unit with an x-ray, ultrasound and mammography.

The hospital has 4 marketing officers who engages the public through bulk SMS from the contacts of the previous patients and health talks where they showcase what they do and where they can be found. They also work with organizations like churches by offering wellness checks.

The hospital has no medical camps and neither does it organize for camps or induce people. The hospital had a radio advert in Meru to caution people against any medical camp purporting to be organised by them. The director said that people use their name since they are well known in the community and are easily identifiable hence claim to offer the medical camps in their name.

Dr. Allan Sani is their employee who is an orthopaedic doctor and was licensed on 20th January 2023 and started working with the hospital on February 2023, he conducted 21 surgical procedures in one day which is within the standards. Also, the hospital conducted 20 MRI (Magnetic Resonance Imaging) amounting to a cost of 4.4 million which they are yet to be paid. The hospital has not been making payments for patients.

Service Agreement between Afya Bora and Afya Bora Annex was signed by members of the directors from both the Hospitals and not by only one side as alleged.

On Pre-authorization the director informed the Committee that the only procedures carried out before preauthorization were emergencies and the instances whereby the patient is in pain. The Committee inquired about the 55 cases that were conducted before preauthorization of which 48 of them were Arthrotomy cases amounting to 3.8 million and not emergency cases; the director claimed he did not know the specifics on that.

Relationship with NHIF- NHIF officers consisting of the Quality Assurance, surveillance and the branch manager visit the facility 2-3 times per week. On approvals after operation whether the NHIF branch/ Headquarter approves, the director said that is a technical process. In case a patient is rejected by NHIF the hospital waives the cost though that happened only once. The hospital considers to decide on emergencies of patients without meetings

D. AFYA BORA ANNEX – MS. BEATRICE WAIRIMU, ADMINISTRATOR

The administrator submitted the following to the Committee. That;

Afya Bora Annex is a Level 4b comprising of a 41-bed capacity. The staff consists of 6 surgeons, 2 medical officers, 8 clinical officers, 12 nurses, 3 laboratory technicians, 3 pharmacists, 2 physiotherapists and 20 subordinate staff.

The committee was informed as follows.

Medical camps- the hospital has no medical camps. The administrator denied any claims that they offered transport to people for medical camps and they don't have an employee who conducts medical camps.

Service Agreement between Afya Bora and Afya Bora Annex- the administrator was not aware that there was no one from Afyabora Annex who signed the agreement and said that maybe there was an error.

Relationship with NHIF- the surveillance officer from NHIF Mwea branch visits once or twice a week.

E. ST. PETERS ORTHOPEDIC AND SURGICAL SPECIALIST CENTER- DR. WASENA ANGIRA, DIRECTOR

The director submitted the following to the committee.

His qualifications: he is an orthopaedic surgeon.

St. Peter's hospital conducts orthopedic surgery on fractures and joints. The facility comprises of 180 beds, 7 theatres, CT scans, an Eye unit, 400 staff; 34 consultant surgeons,

3 residents orthopedic, 2 general surgeon, 2 urologists, 3 plastic, 1 neurologist, 2 cardiologists, 3 medical officers, Intensive Care Unit comprising of 8beds among others.

The hospital encountered 8220 patients and lost only 24 patients; among these 2024 patients had joint issues, 5014 had trauma issues, 411 had general issues, 219 had, 120 were from sports and 97 were general issues.

The committee was informed as follows.

In 2018 the hospital was given a comprehensive contract for 100 days with no classified level. After the period ended, they were told to continue operating via word of mouth and in April 2022 they were upgraded to Level 5. The contract changed from type C to type B, comprehensive cover. NHIF had been urging hospitals to take the comprehensive cover.

The hospital was under DCI investigations for fraud.

Discrepancies in the date of admission and date of discharge- the director agreed that indeed there were discrepancies in the date of admission and discharge of the hospital and on NHIF. He explained that this was due to instances where a patient has an emergency and they have to save their life hence will not wait for the authorization from NHIF so by the time NHIF approves the patient is on the way to recovery and to be discharged and yet on NHIF the patient is being admitted at the time.

Medical camps – the hospital has medical camps and yes they do ferry patients who need medical assistance. Article 218, offering medical services when they are medically unnecessary is what is illegal so when they ferried the patients it was not illegal as the patients needed medical assistance.

The director informed the committee that he does not go around the country collecting patients and also that he did not threaten any journalists but only said hi.

The director informed the committee that he has not been asked by NHIF to refund any money.

Relationship between NHIF and the hospital- the hospital has been having problems with NHIF since the exposé. The NHIF officers visit the hospital twice a week and they have to share the daily theatre list with the quality assurance officer.

F. JOY NURSING AND MATERNITY HOSPITAL – MR. KENNEDY OTIENO, DIRECTOR

The director submitted the following to the committee.

His qualifications- he has a Diploma in Nursing.

The hospital has a capacity of 20 beds, offers in and outpatient services, has a comprehensive laboratory, radiology; ultra sound, endoscopy, 2 theatres, an eye clinic, a maternity wing with 4 beds, a newborn unit, 1resident doctor, 17 doctors on call, 4 laboratory technicians, 2 pharmaceutical technicians, 4 clinical officers, 8 nurses and subordinate staff.

The hospital has a comprehensive contract with NHIF and it is categorized as a level 4.

The committee was informed as follows.

Discrepancies between the date of admission and the date of discharge- this was due to low network with the NHIF website.

The hospital has no contact with Jekim hospital.

The committee noted that the hospital has failed to adhere to the contract as it does not meet the requirements for a level 4 hospital.

Inducements to ferry patients – the hospital has no such agreement however the doctors on call could have been the ones responsible.

The committee noted that from 2021-2023, the hospital has claims amounting to 365,568,849 and the hospital is unable to retrieve 201 patient files amounting to 25,995,201.

Relationship with NHIF – NHIF visited the hospital and shared the report with them. NHIF has not sought any refund from the hospital. The quality assurance officer from the Eastleigh branch visits the hospital once or twice a week and conducts surveillance. The manager has never visited the facility.

Mother and child arrangement- the mother and child arrangement were not part of the contract with NHIF and it is not approved.

The hospital is not in operation.

**G. AMAR HOSPITAL AND BEIRUT PHARMACY – MR. HUSSEIN KUSO,
LEGAL COUNSEL**

The legal counsel informed the committee that his clients are not part of the exposé. He claimed that the clients have a case in court hence they did not appear before the committee. He accused the committee of acting in the interest of NHIF.

The committee observed that the legal counsel is denying his clients to come before the committee thereby denying them justice and the committee resolved that the clients to appear before the committee on Friday 13th October at 9:30 am.

MIN. NO. NADC-H/2023/454: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 4.30 p.m.

Sign..........Date. 26/10/2023.....

HON. DR. ROBERT PUKOSE, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES OF HUNDRED AND TWENTIETH (120TH) SITTING OF THE
DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12
ON FRIDAY 13TH OCTOBER, 2023 AT 2.30 P.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – Chairperson
2. The Hon. Dr. Nyikal James Wambura, M.P.
3. The Hon. Owino Martin Peters, M.P
4. The Hon. Kibagendi Antony, M.P
5. The Hon. Lenguris Pauline, M.P
6. The Hon. Mathenge Duncan Maina, M.P
7. The Hon. Wanyonyi Martin Pepela, M.P
8. The Hon. Muge Cynthia Jepkosgei, M.P
9. The Hon. Oron Joshua Odongo, M.P.
10. The Hon. Kipngor Reuben Kiborek, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P -Vice-Chairperson.
2. The Hon. Titus Khamala, M.P
3. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
4. The Hon. Prof. Jaldesa Guyo Waqo, M.P
5. The Hon. Mary Maingi, MP

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant I
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Faith Chepkemoi - Legal Counsel II
4. Mr. Eric Lungai - Hansard Officer III
5. Ms. Abigel Muinde - Research Officer III
6. Mr. Hiram Kimuhu -Fiscal Analyst III
7. Ms. Rahab Chepkilim - Audio Officer II
8. Ms. Angela Cheror - Public Communication Officer
9. Mr. Benson Kimanzi - Serjeant-At-Arms
10. Ms. Victoria Wanjiku - Intern

WITNESSES IN ATTENDANCE

1. Mr. Wesley Bii Acting Quality Assurance Manager Since April 2023
2. Mr. Joseph Tanui - Head of Administration and Human Resource.

MIN. NO. NA/DC-H/2023/464: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 2.00 p.m. with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, M.P.

MIN. NO. NA/DC-H/2023/465: MEETING ON THE INQUIRY INTO THE ALLEGED FRAUDULENT PAYMENTS OF MEDICAL CLAIMS AND CAPITATION PAYMENTS TO HEALTH FACILITIES BY THE NATIONAL HEALTH INSURANCE FUND

The following officers met the Committee;

- A. MR. BII WESLEY – ACTING QUALITY ASSURANCE MANAGER SINCE APRIL 2023

The Committee resolved to invite Mr. Douglas Owino who would have more information as Mr. Wesley lacked the information on the previous years as h only acted for few months.

B. MR. JOSEPH TANUI – HEAD OF ADMINISTRATION AND HUMAN RESOURCE

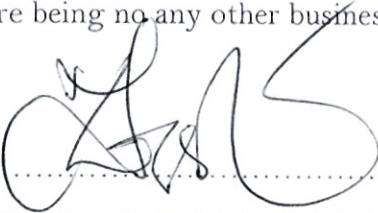
Mr. Joseph Tonui was administered the oath and informed the Committee that he has a Bachelor of Arts degree and Higher Diploma in Human Resource Management. He informed the Committee as follows; that,

1. The staff composed of 1032 officers, they have staff in all Huduma centres and they have 33 satellites.
2. The quality assurance officers are inadequate,
3. There is no World Bank report and no interviews were done.
4. The appointed eleven officers were approved by the Ad hoc Committee.
5. There were many acting officers for a long period of time due to the restructuring process that was incomplete therefore there was no structure for the acting officers to be confirmed to and most of the acting officers were AIEs holders in those branches.
6. Finally, he confirmed the Committee that, there are no ghost workers in NHIF.

MIN. NO. NADC-H/2023/466: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 3.30 a.m.

Sign



Date

26/10/2023

HON. DR. ROBERT PUKOSE, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

MINUTES OF HUNDRED AND NINETEENTH (119TH) SITTING OF THE
DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12
ON FRIDAY 13TH OCTOBER, 2023 AT 9.30 A.M

PRESENT

1. The Hon. Dr. Pukose Robert, M.P – **Chairperson**
2. The Hon. Dr. Nyikal James Wambura, M.P.
3. The Hon. Owino Martin Peters, M.P
4. The Hon. Kibagendi Antony, M.P
5. The Hon. Lenguris Pauline, M.P
6. The Hon. Mathenge Duncan Maina, M.P
7. The Hon. Wanyonyi Martin Pepela, M.P
8. The Hon. Muge Cynthia Jepkosgei, M.P
9. The Hon. Oron Joshua Odongo, M.P
10. The Hon. Kipngor Reuben Kiborek, M.P

ABSENT WITH APOLOGY

1. The Hon. Ntwiga Patrick Munene, M.P -**Vice-Chairperson.**
2. The Hon. Titus Khamala, M.P
3. The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P
4. The Hon. Prof. Jaldesa Guyo Waqo, M.P
5. The Hon. Mary Maingi, MP

COMMITTEE SECRETARIAT

1. Mr. Hassan A. Arale - Clerk Assistant I
2. Ms. Gladys Kiprotich - Clerk Assistant III
3. Ms. Faith Chepkemoi - Legal Counsel II
4. Mr. Eric Lungai - Hansard Officer III
5. Ms. Abigel Muinde - Research Officer III
6. Mr. Hiram Kimuhu -Fiscal Analyst III
7. Ms. Rahab Chepkilim - Audio Officer II
8. Ms. Angela Cheror - Public Communication Officer
9. Mr. Benson Kimanzi - Serjeant-At-Arms
10. Ms. Victoria Wanjiku - Intern

WITNESSES

1. Mr. Wambugu Kariuki- The Immediate Former Head of Health and Beneficiaries' Management and The Current Regional Manager of The South Rift Region
2. Mr. Rodgers Miranyi- Head of Internal Audit National Hospital Insurance Funds
3. Ms. Francisca Mwanza – Ag. Director Financial Services.

MIN. NO. NA/DC-H/2023/461: PRELIMINARIES/INTRODUCTION

The meeting was called to order at 9.30 a.m. with a word of prayer by the Chairperson Hon. Dr. Pukose Robert, M.P.

MIN. NO. NA/DC-H/2023/462: WAMBUGU KARIUKI- THE IMMEDIATE FORMER HEAD OF HEALTH AND BENEFICIARIES' MANAGEMENT AND THE CURRENT REGIONAL MANAGER OF THE SOUTH RIFT REGION

The Committee met the following;

A. MR. WAMBUGU KARIUKI- THE IMMEDIATE FORMER HEAD OF HEALTH AND BENEFICIARIES' MANAGEMENT AND THE CURRENT REGIONAL MANAGER OF THE SOUTH RIFT REGION

Mr Wambugu Kariuki was administered the oath and informed the Committee that, he has Bachelors of Education, Post Graduate in Insurance, his main duties are registration, enrolment of enhance schemes.

There are three types of NHIF beneficiaries which includes the formal sector consisting of salaried employees who remit monthly deductions to NHIF, informal sector consisting of self-employed people who make individual payments or payments via their cooperatives or Sacco's, the sponsored sector consisting of members who are sponsored by the government, NGOs and philanthropic individuals.

Inactive members- the government receives feedback on a quarterly basis on the members who are inactive. The Ministry of Health is given a lump sum of money for the sponsored sector. The source of this money is from the ministry of health.

Biometrics registration – NHIF contracts health care providers to provide biometric registration. This is because if they did the registration they would not get as many members. The Committee noted that this is where fraud was taking place whereby non-existent people would be registered, where officers would register biometrics for one hand for the member and the other hand for the officer. The management Board is in charge of deciding the number of officers to be allocated to different areas.

Committee observations

The Committee observed that, for the premiums the National Hospital Insurance Fund (NHIF) gives the quotation to the client and the client would inform them that they can't meet the amount so NHIF would do under costing to meet the client expectations. The additional funds would then be acquired from their refunds i.e., from the people not receiving the treatment.

Committee recommendations

The Committee proposed that,

1. The National Hospital Insurance Fund NHIF needed to do a cost benefit analysis on how much they would save if they did biometric registration themselves, improve on their surveillance staff and conduct follow up on the surgeries.
2. The Committee finally noted that the police had ceased their contract with NHIF and proposed that they should be informed on where they went and how much they are paying there.

B. MR. RODGERS MIRANYI- HEAD OF INTERNAL AUDIT NATIONAL HOSPITAL INSURANCE FUNDS

Mr. Rodgers is a qualified Certified public Accountant and performs audit of revenue, payment process, human resource payroll, employer compliance, registration, audit on money schemes

Committee observations

The committee observed that;

1. One phone number registered to Vivian Okingo had been used 963 times in claims and yet no action has been taken as the reports are still pending from the DCI.

2. Loan worth 362 million was disbursed to Moi Teaching and Referral Hospital without a contract, a fraudulent activity.
3. Audits were conducted after the money was already disbursed and not before.
4. The quality assurance officers could be colluding with the hospitals as they do not raise the fraudulent payments to the said hospitals.

Committee recommendations

The committee recommended that, the account the money was deposited, the letter from the Ministry of health authorizing the loan, the letter of request from Moi Teaching and Referral Hospital be submitted to the Committee for scrutiny.

C. MS. FRANCISCA MWANZA – AG. DIRECTOR FINANCIAL SERVICES.

Ms Francisca Mwanza was administered the oath and informed the Committee that she has a Bachelor of Arts degree in Economics, Masters in Finance and she is Certified Public Accountant.

She further informed the Committee that, Moi Teaching and Referral Hospital requested for a loan of 1.762 billion on 15th August 2017 to finance the building of a radiotherapy unit which they would repay in a period of ten years at a rate of 3% per annum. NHIF Board approved the loan and reduced the amount to 312.6 million and the money was disbursed on 30th August 2017. 27.9 million was given to MMA to give their opinion on whether it was a viable option and 40.88 million was given in order to facilitate the drafting of the contract.

The International Atomic Energy agency was to contribute 25% of the funding while the Ministry of health would contribute 75%. Moi Teaching and Referral Hospital has repaid a small amount of the loan and has a balance of 221,701,664. The officers in charge at the time were Wilbert Kurgat and Julius Korir.

Committee recommendations

The Committee recommended that all documents from the beginning of the request of the loan should be provided so they could follow up.

MIN. NO. NADC-H/2023/463: ADJOURNMENT

There being no any other business, the Chairperson, adjourned the meeting at exactly 12.30 p.m.

Sign  Date 26/10/2023

HON. DR. ROBERT PUKOSE, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

ANNEXTURE 2:

ADOPTION LIST



THE NATIONAL ASSEMBLY

13TH PARLIAMENT – THIRD SESSION (2024)
DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON HEALTH

REPORT ADOPTION LIST OF THE CONSIDERATION OF THE REPORT ON THE INQUIRY
INTO THE ALLEGED FRAUDULENT PAYMENTS OF MEDICAL CLAIMS AND CAPITATION
TO HEALTH FACILITIES BY THE NATIONAL HEALTH INSURANCE FUND.

We, the undersigned Members of the Departmental Committee on Health do hereby append
our signatures to adopt this Report Date: 31/05/2024

NO	NAME	SIGNATURE
1.	The Hon. (Dr) Pukose Robert, CBS, M.P -Chairperson	
2.	The Hon. Ntwiga Patrick Munene, M.P -Vice-Chairperson.	
3.	The Hon. (Dr) Nyikal James Wambura, M.P.	
4.	The Hon. Titus Khamala, M. P	
5.	The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P.	
6.	The Hon. Prof. Jaldesa Guyo Waqo, M.P.	
7.	The Hon. Owino Martin Peters, M.P.	
8.	The Hon. Wanyonyi Martin Pepela, M.P	
9.	The Hon. Lenguris Pauline, M.P	
10.	The Hon. Mary Maingi, MP	
11.	The Hon. Muge Cynthia Jepkosgei, M.P	
12.	The Hon. Oron Joshua Odongo, M.P.	
13.	The Hon. Kibagendi Antoney, M.P.	
14.	The Hon. Mathenge Duncan Maina, M.P	
15.	The Hon. Kipng'ok Reuben Kiborek, M.P	

Health committee

ANNEXTURE 3:

COPY OF THE NEWS PAPER ADVERTISEMENT



Teachers Service Commission headquarters in Upper Hill, Nairobi. [File, Standard]

CURRENT	PROPOSED CHANGES
Schools were divided as Nursery, Primary and Secondary sections.	Schools to be divided into two: Comprehensive school and Senior school.
Nursery, Primary and Junior secondary are independent institutions.	Pre-primary, primary and junior secondary school rolled to one institution known as Comprehensive School.
Primary School headed by head teachers	Comprehensive school to be headed by a single principal and three deputies.
Capitation • Nursery- 0 • Primary- Sh1,420 • Secondary school- Sh22,244	Capitation; • Nursery- Sh1170 • Primary- Sh2237 • Junior School- 15544 • Senior school- Sh19628
Transition to secondary school pegged on performance, affirmative action, regional balance.	No exam in transition from Primary to secondary school. Transition from Junior Secondary to senior school to be pegged on learner's interest, competencies and performance.
Hiring and payment of nursery school teachers done by county governments.	Hiring of nursery school teachers will be done by the County but they will be remunerated by the TSC.
Categorisation of schools into National, Extra-County, County and Sub-county schools.	Schools to be categorized as Day, boarding, mixed day and boarding, mixed boys and girls and according to pathways.
Currently, schools hire their own Bursars and accountants	Ministry of Education to hire Accountants and bursars to Primary and secondary schools.
School heads decided the building type to build.	Ministry of public works to come up with cheaper building materials and technologies for schools.
Final examinations printed abroad.	KNEC to set and print examinations locally.

which considers the appeals arising from the disciplinary committee.

"The Act should provide that appeals of the decision of TSC be made at the Education Appeals Tribunal," the draft report reads.

TSC will also be fully stripped of its quality assurance function if proposals make it to final report.

Under the new arrangement, the team proposes that the directorate

of quality assurance be strengthened and be granted power to close institutions that contravene a set of regulations.

The directorate will also have power to establish a system of reward and sanctions; and power to enforce laws, regulations, policies and guidelines.

While the mandate of registering teachers is bestowed on TSC, it may not be the sole keeper of records of

the teachers. The draft report seeks to strip TSC off the powers to be the sole keepers of those records and recommendation involvement of the office of the data commissioner, subject to the data protection Act.

Whereas TSC has been the sole negotiator and procurer of teachers medical scheme, the forms team wants ministry to be involved.

Another critical role previously

bestowed to TSC is the mandate to conduct career progression and professional development programmes.

TSC in 2017 rolled out the Teacher Professional Development modules that heavily came under criticism from the Kenya National Union of Teachers.

In the new proposal, the team now wants the role of retraining teachers be the role of the Ministry.

The ministry will establish a Kenya School of Teacher Education Management (KeSTEM); a corporate body to coordinate and regulate all in-service programmes for Continuous Professional Development for teachers.

This, according to task force insiders, will be done within two years.

Previously, TSC required every registered teacher to undertake career progression and professional development programmes.

The career progression guidelines became an integral determinant on the promotion of teachers.

However, the team terms the professional development programme conducted by the TSC as illegal.

"Thus section 35(2) of the TSC Act is unconstitutional on the basis that Article 237 does not mandate TSC to conduct any capacity building," the report reads in part.

The report seeks that the ministry takes up the role within two years after adoption of the report.

newsdesk@standardmedia.co.ke

proceed to the Education Appeals Tribunal. Currently, TSC handles the appeals through an ad-hoc committee of the commission known as the Teachers Service Review Committee



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT (SECOND SESSION)

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

IN THE MATTER OF ARTICLES 2(5) & (6) AND 118 (1) (b) OF THE CONSTITUTION OF KENYA AND SECTION 9 OF THE TREATY MAKING AND RATIFICATION ACT, 2012

AND

IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF:-

THE MULTILATERAL CONVENTION TO IMPLEMENT TAX TREATY RELATED MEASURES TO PREVENT BASE EROSION AND PROFIT SHIFTING

INVITATION FOR PUBLIC PARTICIPATION AND SUBMISSION OF MEMORANDA

WHEREAS, Article 118(1) (b) of the Constitution of Kenya requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees;

AND WHEREAS, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting was Tabled in the House on 4th May, 2023 and thereafter referred to the Departmental Committees on Finance and National Planning for consideration and reporting to the House;

FURTHER WHEREAS, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting seeks to amend the existing Agreements for the Avoidance of Double Taxation (DTAs) between Kenya and other Countries, put in place measures to curb the abuse of DTAs, enhance clarity on taxation of partnerships and make dispute resolution mechanism more effective;

NOW THEREFORE, in compliance with Articles 2(5) & (6) and 118 (1)(b) of the Constitution as well as Section 8 of the Treaty Making and Ratification Act, 2012, the Departmental Committee on Finance and National Planning invites members of the public and stakeholders to submit memoranda on the Convention.

The full text of the Convention and the accompanying Memorandum to Parliament may be accessed on <http://www.parliament.go.ke/the-national-assembly/house-business/paper-laid>

The memoranda should be addressed to the Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi; hand-delivered to the Office of the Clerk, Main Parliament Buildings, Nairobi; or emailed to coa@parliament.go.ke to be received on or before Monday, 24th July, 2023 at 5.00 p.m.

S. NJOROGE
CLERK OF THE NATIONAL ASSEMBLY
8th July, 2023

"For the Welfare of Society and the Just Government of the People"



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
13th PARLIAMENT – SECOND SESSION (2023)

IN THE MATTER OF ARTICLE 118(1) (b) OF THE CONSTITUTION OF KENYA

AND

IN THE MATTER OF INQUIRY BY THE NATIONAL ASSEMBLY INTO THE ALLEGED FRAUDULENT PAYMENTS OF MEDICAL CLAIMS AND CAPITATION PAYMENTS TO HEALTH FACILITIES BY THE NATIONAL HEALTH INSURANCE FUND

INVITATION TO SUBMIT MEMORANDA

WHEREAS, Article 118(1) (b) of the Constitution provides that Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees;

NOTING THAT, the Departmental Committee on Health is established pursuant to National Assembly Standing Order 216 (5) (a) which, among others, mandates it to investigate, inquire into and report to the House on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries, Departments and Agencies under their jurisdiction;

FURTHER NOTING THAT, the National Health Insurance Fund (NHIF) is established by the National Health Insurance Fund Act, 1998 with the main objective of providing accessible, affordable, sustainable and quality health insurance for all Kenyans;

WHEREAS the Committee has noted with concern the recent allegations of payment of fictitious medical claims by the National Health Insurance Fund to medical service providers, delayed payment of capitation to health facilities and refusal by health facilities to provide services to NHIF card holders;

NOW THEREFORE, pursuant to the provisions of Articles 95(2) and 125 of the Constitution and Standing Order 216 (5) (a), the Committee has resolved to inquire into the alleged malpractices at the National Hospital Insurance Fund and make recommendations to the National Assembly.

The terms of reference of the inquiry are:-

- To establish the current financial status of NHIF;
- To establish whether there was corruption, fraud and other malpractices in the payment of claims to health facilities by NHIF as alleged in the investigative media reports;
- To evaluate the efficiency and effectiveness in the empanelment of service providers by NHIF;
- To assess the efficiency and effectiveness of NHIF quality assurance mechanisms; and
- To determine the efficiency and effectiveness of the NHIF's human resource management.

IN COMPLIANCE with Article 118 (1) (b) of the constitution, the Committee hereby invites the public to submit memoranda on the specific terms of reference of the inquiry as outlined, and on any other relevant issue they may wish to draw the attention of the Committee to.

The memoranda may be addressed to the Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi; hand-delivered to the Office of the Clerk of the National Assembly, Main Parliament Buildings, Nairobi; or emailed to coa@parliament.go.ke to be received on or before Friday 21st July, 2023 at 5.00pm.

S. NJOROGE
CLERK OF THE NATIONAL ASSEMBLY
8th July, 2023

"For the Welfare of Society and the Just Government of the People"

ANNEXUTRE 4:

WRITTEN SUBMISSIONS



THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK

P. O. Box 41842-00100
Nairobi, Kenya
Main Parliament Buildings
When replying please quote

Telephone: +254202848000 ext. 3300
Email: cna@parliament.go.ke
www.parliament.go.ke/the-national-assembly

Ref. NA/DDC/DC-H/2023/ (046)

26th July, 2023

Mr. Harry Kimutai, CBS
Principal Secretary
State Department for Medical Services
Ministry of Health
Afya House
NAIROBI

Dr. Samson Kuhora
Ag. Chief Executive Officer
National Health Insurance Fund
P.O. Box 30195-00100
NAIROBI

Dear *Dr. Kuhora*

RE: MEETING WITH THE DEPARTMENTAL COMMITTEE ON HEALTH

Further to the meeting between yourselves and the Committee on Tuesday 25th July 2023 in which the inquiry into the alleged fraudulent payments of medical claims and capitation payments to health facilities by the national health insurance fund was considered. The Committee resolved to hold a follow up meeting with the Ministry of Health and National Health Insurance Fund (NHIF) on **Tuesday, 1st August 2023 at 10:00 am at Parliament Buildings**, at a venue to be communicated.

During the meeting, NHIF will be required to provide the following additional information: -

1. The lists of quality health assurance officers in NHIF together with their designation and qualifications; and
2. The lists of claim officers in NHIF with their qualifications and designations.

This is therefore to invite the Cabinet Secretary, the Chairperson, NHIF Board, NHIF Board members in charge of the Committee on Finance, Human Resource and administration to the meeting.

The Liaison Officers for this meeting are **Mr. Hassan A. Arale**, Committee Clerk who may be contacted on Tel No. **0721480578** or email: hassan.arale@parliament.go.ke and **Ms. Gladys Kiprotich**, Tel No. **0718721253** or email: gladys.kiprotich@parliament.go.ke.

Yours

JEREMIAH NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY

ADDITIONAL INFORMATION

Subject: Response to Inquiry on provision of list on all quality assurance & claims officers, their qualifications and designations.

Introduction

The establishment of Quality Assurance and Claims Officers has been undergoing through realignment over the past four months from March, 2023. This was occasioned by the following reasons:

- a. Expanded benefit packages
- b. Expanded coverage
- c. Unclear and overlapping roles
- d. Requisite requirements for specific positions
- e. Pending claims & reconciliation of accounts

In view of the above the following changes were effected:

- a. Redeployment of Manager Quality Assurance based on qualifications with medical background
- b. Redeployment of Manager Claims based on qualifications with an actuarial science and insurance background
- c. Based on gaps in terms of required quality assurance officer across branches, rationalization has been done through:
 - Separation of claims into two bins in (i) Quality Assurance that undertake clinical surveillance and (ii) Non-clinical surveillance
 - Redistribution of staff to undertake quality surveillance
- d. Claims process has been reengineered for clear processes, inclusions of the LOU process and accountability - REFER CLAIMS MANUAL ANNEX A
- e. Provided job descriptions for claims officers at the branch

As provided for in the Fund's HR instruments it is a minimum requisite for all quality assurance officers to have academic background in medicine, nursing or other relevant clinical field

It is also mandatory to possess professional qualifications, registration to practice and membership to professional societies

Establishment

The required establishment for quality assurance officers is 167 for the Fund to fulfill its obligations as a strategic purchaser. The substantive quality assurance total 88 officers.

The graph below shows the different representation of disciplines by quality assurance officers



ROLES AND RESPONSIBILITIES OF QUALITY ASSURANCE OFFICER GRADE HF 7

a) Job specifications

- i. This will be the entry and training grade for Degree holders. An officer at this level will work under supervision of a senior officer assisting in;
- ii. Guiding and documenting of assessments of healthcare facilities for purposes of declaration.
- iii. Health documents review.
- iv. Establishment of effective Quality Assurance Processes.
- v. Investigating suspected clinical fraud.
- vi. Conducting hospital surveillance.
- vii. Updating relevant NHIF information database.
- viii. Conducting clinical audits and verification of medical claims
- ix. Acting as liaison officers between the Fund and healthcare providers.
- x. Training and support supervision to declared healthcare providers.
- xi. Enforcing contract adherence & compliance by health providers.
- xii. Carrying out quality assurance processes in health facilities.
- xiii. Monitoring activities of QITs in hospitals

b) Person Specifications

- i. For appointment to this grade, a person must have: -
- ii. Bachelor's Degree in Medicine, Nursing or other relevant clinical field
- iii. Proficiency in computer applications
- iv. Professional qualifications and Membership to Clinical officers and Nursing council
- v. Minimum KCSE C+ (plus) or its equivalent;
- vi. At least four (4) years relevant work experience;
- vii. Fulfill the requirements of chapter 6 of the constitution

(REFER CAREER PROGRESSION GUIDELINES PG 264)

ROLES AND RESPONSIBILITIES OF SENIOR QUALITY ASSURANCE OFFICER GRADE HF 6

a) Job Specifications

Duties and responsibilities at this level entail:

- i. Carry out assessment of healthcare facilities for declaration
- ii. Ensure maintenance of updated records on all declared health care facilities.
- iii. Conducting investigations on treatment provided to NHIF members and advise facilities appropriately.
- iv. Maintaining the liaison between the Fund and Declared Healthcare Providers
- v. Preparing and submitting reports on the surveillance findings, and give recommendations on suitable measures to be taken.
- vi. Conducting clinical audits and verification of medical claims.
- vii. Carrying out quality assurance processes in health facilities.
- viii. Enforcement of compliance to the contractual provisions by healthcare providers
- ix. Reviewing case notes and other relevant health documents to determine quality and cost of care accessed by members.
- x. Updating and managing relevant NHIF information database.
- xi. Investigating and reporting suspected clinical fraud.
- xii. Implement KQMH in health care providers
- xiii. Support in the establishment of Hospital Quality Improvement Teams (QITs)

b) Person Specifications

For appointment to this grade, a person must have: -

- i. Bachelors Degree in Medicine, Nursing or other relevant clinical field
- ii. Professional qualifications and Membership to Clinical officers and Nursing council
- iii. At least four (4) years relevant working experience;
- iv. Supervisory course lasting not less than two (2) weeks from a recognized institution
- v. Proficiency in computer applications
- vi. Fulfill the requirements of chapter 6 of the constitution

(REFER CAREER PROGRESSION GUIDELINES PG 265)

Qualifications of Quality Assurance Officers

Sl. No	P/No	Employee Name	Designation	Grade	Qualification
1.	1292	Caroline Cherono	Quality Assurance Officer I	HF 8	Bachelor Of Commerce(Marketing) Diploma In Community Health Nursing
2.	1441	Tecla Tanui	Quality Assurance Officer I	HF 8	Bachelor Of Counselling Psychology Diploma In Occupational Therapy Diploma In Human Resource Management
3.	1546	Abdiwahab Adan	Senior Quality Assurance Officer	HF 9	Bachelor Of Arts In Leadership And Management Diploma In Medical Laboratory Sciences
4.	1574	Loice Kandie	Quality Assurance Officer I	HF 8	Diploma In Dental Technology
5.	1638	Jamal Abdulkadir	Quality Assurance Officer I	HF 8	Bachelor Of Project Planning And Management Diploma In Pharmaceutical technology
6.	1688	Mohamud Adan	Senior Quality Assurance Officer	HF 9	Bachelor Of Science (Community Health An? Higher Diploma In Epidemiology Diploma In Medical Laboratory Sciences
7.	1698	Halima Saney	Senior Assistant Manager Quality Assurance	HF 11	Master Of Public Administration Bachelor Of Science - Health Systems Management Diploma in Clinical Medicine
8.	1712	Edith Njau	Senior Quality Assurance Officer	HF 9	Bachelor Of Science(Med Lab Technology)
9.	1742	Bii Wesley	Ag Manager, Quality Assurance	HF 11	Bachelor Of Arts In Social Studies (Psychology) Higher Dip In Clinical Medicine & Surgery Diploma In Clinical Med.& Surgery

10.	1841	Daizy Chepkoech	Quality Assurance Officer I	HF 8	Bachelor Of Science - Health Systems Management Diploma In Clinical Med.& Surgery
11.	1859	Farhiya Mohamed	Quality Assurance Officer I	HF 8	Bachelor Of Arts In Conflict Resolution Diploma In Community Health Nursing
12.	1860	Mohamed Mohamed	Quality Assurance Officer I	HF 8	Bachelor Of Science In Public Health Diploma In Clinical Med.& Surgery
13.	1861	Magdalene Mutua	Quality Assurance Officer I	HF 8	Bachelor Of Arts (Psychology) Diploma In Community Health Nursing
14.	1864	Michael Mukua	Quality Assurance Officer I	HF 8	Bachelor Of Arts(Social Work) Diploma In Clinical Med.& Surgery
15.	1868	Linus Munyao	Quality Assurance Officer I	HF 8	Bachelor Of Science In Community Health Diploma In Clinical Med.& Surgery
16.	1870	Ali Sama	Quality Assurance Officer I	HF 8	Bachelor Of Science In Environmental Health Diploma In Clinical Med.& Surgery
17.	1871	Vincent Magare	Quality Assurance Officer I	HF 8	Bachelor Of Purchasing & Supplies Management Diploma In Clinical Med.& Surgery
18.	1872	Hazel Safari	Quality Assurance Officer I	HF 8	Diploma In Clinical Medicine (Pediatrics)
19.	1876	Irene Chumo	Quality Assurance Officer I	HF 8	Bachelor Of Science In Health Systems Management Diploma In Community Health Nursing Higher Dip In Intensive Care Nursing
20.	1877	Chrispinus Wamacho	Quality Assurance Officer I	HF 8	Diploma In Clinical Med.& Surgery
21.	1878	Charles Munyoki	Quality Assurance Officer II	HF 7	Diploma In Clinical Med.& Surgery
22.	1888	Ibrahim Abbey	Quality Assurance Officer II	HF 7	Safe Care - Basic Healthcare Standards

23.	1894	Hassan Guyo	Quality Assurance Officer I	HF 8	Master Of Business Admin(Strategic Mgt) Bachelor Of Science In Environmental Health Sciences Diploma In Clinical Med.& Surgery
24.	1896	Isaac Mutai	Quality Assurance Officer I	HF 8	Bachelor Of Sci. In Health System Mgt Higher Dip In Ophthalmology Diploma In Clinical Med.& Surgery
25.	1928	Betty Kibiwot	Quality Assurance Officer I	HF 8	Bachelor Of Science - Health Systems Management Diploma In Community Health Nursing
26.	1932	Lucy Atinga	Quality Assurance Officer I	HF 8	Bachelor Of Science In Public Health Diploma In Community Health Nursing
27.	1972	Gloria Mutave	Quality Assurance Officer I	HF 8	Bachelor Of Science - Health Systems Management Diploma In Community Health Nursing
28.	1995	Emmaculate Kiyiapi	Quality Assurance Officer II	HF 7	Enrolled Community Health Nurse
29.	1996	Marian Kochale	Quality Assurance Officer II	HF 7	Enrolled Community Health Nurse
30.	2004	Osman Ali	Quality Assurance Officer I	HF 8	Diploma In Pharmaceutical Technology
31.	2015	Faith Kittony	Senior Quality Assurance Officer	HF 9	Master Of Public Health (Epidemiology &???? Bachelor Of Science (Nursing)
32.	2020	Dinah Alela	Quality Assurance Officer I	HF 8	Higher Dip In Clinical Medicine & Surgery Diploma In Clinical Med.& Surgery
33.	2032	Christine Mkabana	Quality Assurance Officer I	HF 8	Bachelor Of Science - Health Systems Management Diploma In Community Health Nursing
34.	2074	Mary Sahere	Quality Assurance Officer I	HF 8	Dip In Registered Community Health Nursing

35.	2084	Brenda Atoko	Quality Assurance Officer I	HF 8	Bachelor Of Science (Nursing)
36.	2095	Halima Roka	Quality Assurance Officer I	HF 8	Bachelor Of Science - Health Systems Management Diploma In Clinical Med.& Surgery
37.	2097	Aurelia Nyole	Quality Assurance Officer I	HF 8	Bachelor Of Counselling Psychology Diploma In Clinical Med.& Surgery
38.	2133	Yusuf Shire	Quality Assurance Officer I	HF 8	Master Of Business Admin(Strategic Mgt) Bachelor Of Science (Microbiology)
39.	2141	Osman Ali	Quality Assurance Officer I	HF 8	Bachelor Of Science(Med Lab Technology)
40.	2188	Lydia Kendagor	Quality Assurance Officer I	HF 8	Bachelor Of Science(Med Lab Technology) Diploma In Medical Laboratory Sciences
41.	2196	Dorine Kaburu	Quality Assurance Officer I	HF 8	Bachelor Of Science In Health Systems Management Diploma In Clinical Med.& Surgery
42.	2197	Anab Abdi	Quality Assurance Officer I	HF 8	Bachelor Of Science In Public Health Diploma In Community Health Nursing
43.	2199	Mary Kasila	Quality Assurance Officer I	HF 8	Master Of Sci. In Strategic Mgt Bachelor Of Science In Public Health Diploma In Clinical Med.& Surgery
44.	2211	Peter Mugambi	Quality Assurance Officer I	HF 8	Bachelor Of Science - Health Systems Management Diploma In Clinical Med.& Surgery
45.	2213	Martin Maina	Quality Assurance Officer I	HF 8	Diploma In Clinical Med.& Surgery
46.	2218	John Lekilinyo	Quality Assurance Officer I	HF 8	Bachelor Of Sci. In Health System Mgt Diploma In Clinical Med.& Surgery

47.	2220	Nancy Kiptui	Quality Assurance Officer I	HF 8	Bachelor Of Sci. In Health System Mgt Diploma In Clinical Med.& Surgery
48.	2225	Fredrick Nakure	Quality Assurance Officer I	HF 8	Bachelor Of Business Mgt (Purchasing & Supply Chain) Diploma In Clinical Med.& Surgery
49.	2240	Naima Noor	Quality Assurance Officer I	HF 8	Bachelor Of Science In Environmental Health Diploma In Clinical Med.& Surgery
50.	2249	Faith Tonkei	Quality Control Officer I	HF 8	Bachelor Of Sci. In Financial Economics Dip In Community Oral Health
51.	2251	Antony Murithi	Quality Assurance Officer I	HF 8	Bachelor Of Science - Health Systems Management Diploma In Clinical Med.& Surgery
52.	2263	Lorraine Nyamai	Quality Assurance Officer I	HF 8	Diploma In Community Health Nursing
53.	2268	Stellah Bittok	Quality Assurance Officer I	HF 8	Master Of Science In Biological Sciences Bachelor Of Science (Microbiology)
54.	2296	Consolata Omerikwa	Quality Assurance Officer II	HF 7	Master Of Public Policy & Management Bachelor Of Science In Environmental Health Diploma In Clinical Med.& Surgery
55.	2310	Huka Halake	Quality Assurance Officer II	HF 7	Bachelor Of Science (Nursing) Diploma In Community Health Nursing
56.	2327	Sulekha Ibrahim	Quality Assurance Officer II	HF 7	Bachelor Of Science (Microbiology)
57.	2329	Usuba Hassan	Quality Assurance Officer II	HF 7	Diploma In Community Health Nursing
58.	2346	Mary Gichuho	Quality Assurance Officer II	HF 7	Bachelor Of Science - Health Systems Management Diploma In Clinical Med.& Surgery
59.	2360	Angela Kilonzo	Quality Assurance Officer II	HF 7	Diploma In Community Health Nursing

60.	2372	Marylene Munira	Quality Assurance Officer II	HF 7	Diploma In Community Health Nursing
61.	2389	Abdifatah Salat	Quality Assurance Officer II	HF 7	Bachelor Of Science In Environmental Health Diploma In Community Health Nursing
62.	2404	Huka Bidhu	Quality Assurance Officer II	HF 7	Diploma In Community Health Nursing
63.	2431	Virginia Paul	Quality Assurance Officer II	HF 7	Bachelor Of Sci. In Public Health Diploma In Clinical Med.& Surgery
64.	2439	Kyula Mutunga	Quality Assurance Officer II	HF 7	Bachelor Of Science In Medical Laboratory Dip In Medical Laboratory Technology Cert In Medical Laboratory Technology
65.	2461	John Saitoti	Quality Assurance Officer II	HF 7	Master Of Science(Public Health) Master Of Business Administration In Health Management Bachelor Of Sci. In Public Health Higher Dip In Clinical Medicine & Surgery Diploma In Clinical Med.& Surgery
66.	2474	Birgen Ursula	Quality Assurance Officer II	HF 7	Bachelor Of Science In Environmental Health Diploma In Clinical Med.& Surgery
67.	2476	Janet Rotich	Quality Assurance Officer II	HF 7	Bachelor Of Science In Nursing
68.	2526	Rose Laboso	Quality Assurance Officer II	HF 7	Bachelor Of Science In Environmental Health Diploma In Clinical Med.& Surgery
69.	2559	Evans Mosonik	Quality Assurance Officer II	HF 7	Bachelor Of Sci. In Public Health Higher Dip In Community Health & HIV Care Diploma In Clinical Med.& Surgery
70.	2560	Alice Ngeny	Quality Assurance Officer II	HF 7	Higher National Diploma In Pediatric Nursing Diploma in Community Health Nursing

71.	2561	Splendour Isigi	Quality Assurance Officer II	HF 7	Bachelor Of Science(Med Lab Technology)
72.	2562	Hellen Musumba	Quality Assurance Officer II	HF 7	Bachelor Of Science In Health Systems Management Diploma In Clinical Med.& Surgery
73.	2564	Rebrecca Anyumba	Quality Assurance Officer II	HF 7	Diploma In Clinical Med.& Surgery
74.	2581	Japheth Bett	Quality Assurance Officer II	HF 7	Diploma In Clinical Med.& Surgery
75.	2593	Jemimmah Ntutu	Quality Assurance Officer II	HF 7	Master Of Sci. In Health Economics And P Bachelor Of Science (Nursing) Diploma In Nursing & Midwifery Registered Nurse/Midwife(Basic)
76.	2596	Moses Wambura	Quality Assurance Officer II	HF 7	Diploma In Clinical Med.& Surgery
77.	2612	Elsie Rachel Agunda	A Quality Assurance Officer II	HF 7	Bachelor Of Science (Nursing)
78.	2615	Kassim Guyo	Quality Assurance Officer II	HF 7	Bachelor Of Science In Nursing
79.	2617	Monicah Ngunjiri	Quality Assurance Officer II	HF 7	Diploma In Clinical Med.& Surgery
80.	2653	Irene Swakei	Quality Assurance Officer II	HF 7	Bachelor Of Science In Community Health Diploma In Community Health Nursing
81.	1837	Agnettor Musuu	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Sci. In Health System Mgt Diploma In Pharmacy
82.	2376	Kiara Epuri	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science In Med Microbiology Diploma In Hiv/Aids Mgt & Counseling Certificate In Counseling Psychology
83.	2409	Ahmednoor Abdille	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science (Microbiology)
84.	2515	Gerry Mugambi	BENEFITS AND CLAIMS OFFICER II	HF 7	Bachelor Of Science In Enviromental Health Dip In Community Health & Hiv/Aids Mgt

85.	2619	Lucy Mosotah	CLAIMS AND BENEFITS OFFICER II	HF 7	Master Of Science In Biotechnology Bachelor Of Science (Biochemistry)
86.	2638	Betty Too	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science In Med Lab Sciences Diploma in Medical Lab Technologist
87.	2670	Robert Boinett	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science In Med Microbiology Higher Dip In Applied Biology (Phys./Pharmacy) Diploma In Applied Biology
88.	2634	Abdi Ali	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science - Health Systems Man Diploma In Nutrition & Dietetics
89.	2034	Jasper Ong'onga	CLAIMS AND BENEFITS OFFICER I	HF 8	Bachelor Of Arts(Sociology) Dip In Control And Management Of Hiv/Aid

ISSUE 5B CLAIMS OFFICERS

Subject: Response to Inquiry on provision of list on all claims officers, their qualifications and designations.

Introduction

As provided for in the Fund's HR instruments it is a minimum requisite for all claims officers to have academic background which has a mix of both clinical, accounting & actuarial sciences.

It is also encouraged for staff to possess professional qualifications, registration to practice and membership to professional societies

Establishment

The required establishment for claims officers is (3 - 5 per branch) depending on the workload for the Fund to fulfill its obligations as a strategic purchaser. The substantive claims officers total 189

ROLES AND RESPONSIBILITIES OF CLAIMS OFFICER GRADE HF 6

a) Job Specifications

Duties and responsibilities at this level entail:

- Ensure that all Mandatory Relevant documentations are attached as prescribed in the claims Manual.
- Confirm Membership and contribution status including registration.
- Dependency confirmation-Spousal and child
- Confirm surveillance approvals where applicable.
- Confirm Pre-authorization approvals where applicable.
- Confirm Hospitalization days correspond with documents attached.
- Confirm that the patient's names are as per the Notification details.
- Conduct Hospital Surveillance including e-Surveillance by use of Biometric kits.
- Ensure each claim is tagged correctly in the system as per the action required.

S.N O	P/No	Employee Name	DESIGNATION	GRADE	Qualification
90.	2472	Prisca Odera	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Arts Cpa Part Two Examination
91.	2420	Caroline Kariuki	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Arts Certified Public Accountants Part One Ex
92.	1529	Michael Lang'at	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts(Economics & Geography)
93.	1252	Nelly Aloo	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts(Economics & Sociology)
94.	1262	Felix Njue	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts(Economics)
95.	1217	David Chingi	ASSISTANT MANAGER, CLAIMS AND BENEFITS	HF 10	Bachelor Of Arts(Economics/Busi Studies)
96.	2442	Samwel Kivunaga	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Business Mgt(Accounting) Diploma In Business Management
97.	2639	Mary Njoroge	CLAIMS AND BENEFITS OFFICER III	HF 6	Bachelor Of Business Mgt(Risk Mgt & Insurance Diploma In Human Resource Management
98.	1812	Isaak Abdi	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Business Mngmnt - Finance & Cpa Final Examination
99.	1721	Mary Atambo	CLAIMS AND BENEFITS OFFICER I	HF 8	Bachelor Of Commerce

100.	1437	Ambrose M'thilang	E SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Commerce(Accounting)
101.	2412	Cecilia Njoroge	CLAIMS AND BENEFITS OFFICER III	HF 6	Bachelor Of Commerce(Accounting) Diploma In Banking And Finance
102.	2410	Mercy Nkodi	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Commerce(Finance)
103.	2422	Linda Birech	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Commerce(Finance) Diploma In Disaster Management Training
104.	2430	Nancy Nakitare	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Commerce(Finance) Cpa Part 1 Section 2 Certificate In Information Technology
105.	2440	Abishag Chepkirui	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Commerce(Finance)
106.	2588	Denis Nyang'au	CLAIMS AND BENEFITS OFFICER III	HF 6	Bachelor Of Commerce(Finance) Diploma Technology In Actuarial Science
107.	1370	Fred Nyakemwa	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Commerce(Insurance Option)
108.	2518	Andrian Wanjie	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Commerce
109.	1681	Catherine Ringera	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Science (Mathematics)
110.	2362	David Gambo	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science (Actuarial Science)

111.	2556	Simon Ng'ang'a	BENEFITS AND CLAIMS OFFICER II	HF 7	Bachelor Of Science (Acturial Science)
112.	1661	Francis Tarus	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Science(Mathematics) Kenya Accounts Technician Certificate I
113.	1711	Wilfred Kajwang'	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts
114.	1775	Christine Nyakina	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts
115.	1826	Angela Kamau	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts Diploma In Business Administration
116.	1895	Lucia Manthi	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts
117.	2232	Ahmed Ali	CLAIMS AND BENEFITS OFFICER I	HF 8	Bachelor Of Arts Diploma In Human Resource Management
118.	371	Jawahir Arte	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Arts - Human Resource Manage Dip In Social Work & Community Development Diploma In Personnel Management
119.	1571	Nancy Changwony	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts Diploma In Business Management Advanced Certificate In Business Management
120.	1578	Fowza Haji	CLAIMS AND BENEFITS OFFICER III	HF 6	Bachelor Of Arts In Community Development Dip In Social Work & Community Development Certificate In Social Work And Community Certificate In Health Records & Info Tec
121.	1256	Nicholas Muriithi	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts(Anthropology)

122.	1798	Rose Musau	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts(General)
123.	1266	Robert Rono	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Arts(Political Science)
124.	2583	Esther Kiriswa	BENEFITS AND CLAIMS OFFICER II	HF 7	Bachelor Of Arts(Sociology) Dip In Social Work & Community Development
125.	726	Caroline Sakwa	BENEFITS AND CLAIMS OFFICER II	HF 7	Bachelor Of Business & Management (Hr & Diploma In Business Management
126.	2426	Yunus Kochale	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Business Admin(Finance)
127.	1268	Joylline Chepkong	A SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Education (Arts)
128.	1915	Faith Sang	CLAIMS AND BENEFITS OFFICER I	HF 8	Bachelor Of Education (Arts)
129.	2336	Samuel Kisang	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Education (Arts)
130.	2479	Hilda Wainaina	BENEFITS AND CLAIMS OFFICER II	HF 7	Bachelor Of Education (Arts)
131.	1817	Archibald Munyoki	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Education (Sciences)
132.	2671	Jepkemei Karen	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Education (Sciences)
133.	2521	Jude Cheruiyot	BENEFITS AND CLAIMS OFFICER II	HF 7	Bachelor Of Environmental Studies Scienc
134.	768	Beatrice Okemwa	CLAIMS AND BENEFITS OFFICER III	HF 6	Bachelor Of Human Resource Management Diploma In Human Resource Management

135.	1845	John Rayori	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Journalism & Communication Bachelor Of Arts
136.	1609	Elijah Cherogony	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Laws(Special) Bachelor Of Commerce(Accounting)
137.	279	Joan Kamau	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Library & Information Studies Diploma In Archives & Records Management Cert In Records Management & Good Governance
138.	2379	Dennis Okemwa	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Sci. In Physiotherapy Dip In Physiotherapy
139.	2553	Dorcas Jumapili	BENEFITS AND CLAIMS OFFICER II	HF 7	Bachelor Of Sci.(Analytical Chemistry Wi
140.	1750	Daisy Nyaga	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Science
141.	1778	Jacob Kilungya	AG. PRINCIPAL OFFICER, CLAIMS MANAGEME	NT HF 9	Bachelor Of Science - Health Systems Management Higher Dip In Clinical Medicine & Surgery Diploma In Clinical Med.& Surgery
142.	2441	Dedan Nyamwathe	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science (Enviromental Science)
143.	1764	Colleta Oyuga	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Science (Natural Resource Mngt)
144.	2492	Lilian Tuwei	BENEFITS AND CLAIMS OFFICER II	HF 7	Bachelor Of Science In Communication & PR

145.	2397	Adan Jaldesa	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science In Computer Science
146.	2358	Mohhamed Waticho	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science In International Bus
147.	2399	Husna Machiri	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science In International Business
148.	1263	Paul Cheruiyot	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Bachelor Of Science(Agricultural Economics)
149.	2542	Moses Barsimo	CLAIMS AND BENEFITS OFFICER II	HF 7	Bachelor Of Science(Agricultural Economics)
150.	2597	Margaret Wanjiku	CLAIMS AND BENEFITS OFFICER III	HF 6	Certificate In Personnel Management
151.	2579	Kipkurui Kurgat	CLAIMS AND BENEFITS OFFICER III	HF 6	Dip In Agri. Economics & Resource Mgt
152.	2620	Jedidah Nyamathwe	CLAIMS AND BENEFITS OFFICER III	HF 6	Dip In Health Records & Info Technology)
153.	2203	Paul Chebii	CLAIMS AND BENEFITS OFFICER II	HF 7	Dip In International Relations And Diplo

154.	2301	Issack Rashid	CLAIMS AND BENEFITS OFFICER III	HF 6	Dip In Purchasing & Supplies Management
155.	546	Siele Cherotich	CLAIMS AND BENEFITS OFFICER II	HF 7	Diploma In Business Management
156.	1724	Elizabeth Khaemba	CLAIMS AND BENEFITS OFFICER III	HF 6	Diploma In Business Management
157.	2062	Wiliter Torongei	CLAIMS AND BENEFITS OFFICER III	HF 6	Diploma In Business Management
158.	154	Helen Kimanthi	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Diploma In Community Development
159.	2580	Vasiliza Cheroni	CLAIMS AND BENEFITS OFFICER III	HF 6	Diploma In Co-Operative Management
160.	274	Patricia Mukele	CLAIMS AND BENEFITS OFFICER II	HF 7	Diploma In Human Resource Management
161.	625	Stella Barasa	CLAIMS AND BENEFITS OFFICER III	HF 6	Diploma In Human Resource Management
162.	2354	Florah Kutotto	CLAIMS AND BENEFITS OFFICER III	HF 6	Diploma In Human Resource Management Advanced Certificate In Human Resource Management Certificate In Business Management
163.	2650	Joy Ojuok	CLAIMS AND BENEFITS OFFICER III	HF 6	Diploma In Human Resource Management
164.	816	Richard Ngetich	CLAIMS AND BENEFITS OFFICER II	HF 7	Diploma In Information Studies

165.	1493	Anne Rono	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Diploma In Marketing Management Diploma In Med Electronics/Med Equip Mgt Certificate In Medical Electronics Certificate In Med. Engineering Technologies
166.	2494	Grace Nyaga	CLAIMS AND BENEFITS OFFICER III	HF 6	Diploma In Psychological Counselling Certificate In Psychological Counselling
167.	2321	Minne Nyagah	CLAIMS AND BENEFITS OFFICER III	HF 6	Diploma In Public Relations
168.	1488	Dr. Nancy Kosgei	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Doctor Of Philosophy In Development Studies Master Of Art - Project Planning & Management Bachelor Of Arts(Community Devt)
169.	96	James Mbevo	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Higher Dip Human Resources Management
170.	2306	Felistus Thiong'o	CLAIMS AND BENEFITS OFFICER II	HF 7	Master Of Arts (Diplomacy) Bachelor Of Arts In Communication(Public
171.	1745	Betty Kioko	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Arts (International Studies) Bachelor Of Arts Certificate In Public Relations
172.	1743	James Chuma	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Arts (Sociology) Bachelor Of Arts
173.	2519	Getrude Chelimo	BENEFITS AND CLAIMS OFFICER II	HF 7	Master Of Arts In Gender,Peace & Security Bachelor Of Arts(International Relations)
174.	2551	Martin Odero	BENEFITS AND CLAIMS OFFICER II	HF 7	Master Of Arts In Project Planning & Mgt Bachelor Of Education (Sciences)
175.	2000	Lilian Mumbi	CLAIMS AND BENEFITS OFFICER I	HF 8	Master Of Arts In Sociology - Medical Sociology Bachelor Of Arts(Social Work)

176.	1892	Mary Mulinge	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Arts(Public Policy & Admin) Bachelor Of Commerce(Hr Management) Cert In Kenyan Sign Language
177.	2626	Emis Gichaga	CLAIMS AND BENEFITS OFFICER II	HF 7	Master Of Business Admin(Strategic Mgt Bachelor Of Agribusiness Management)
178.	2438	Jedida Mwanja	CLAIMS AND BENEFITS OFFICER II	HF 7	Master Of Business Admin(Strategic Mgt Bachelor Of Purchasing & Supplies Management
179.	2055	Donna Otieno	CLAIMS AND BENEFITS OFFICER II	HF 7	Master Of Business Admin(Hr Management) Bachelor Of Business Administration (Hrm Diploma In Marketing Management
180.	1311	Ngumbau Mwangela	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Business Administration Bachelor Of Commerce(Accounting)
181.	1605	Catherine Ngatia	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Business Administration Bachelor Of Arts(Economics & Sociology) Diploma In Human Resource Development Diploma In Sales & Marketing
182.	1408	Reuben Siele	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Business Administration (Finance) Bachelor Of Commerce
183.	1498	Enock Chesang	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Commerce(Bus Administration) Diploma In Computer Accounting

184.	1746	Judith Onkware	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Finance And Control Bachelor Of Commerce Diploma In Banking And Insurance Management Diploma In Computer Application
185.	1706	Patrick Lung'e	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Public Policy And Administration Bachelor Of Arts(Education)
186.	2272	James Letangule	MANAGER, CLAIMS MANAGEMENT	HF 12	Master Of Science Health Economics & Pol Bachelor Of Science In Health Systems Management Diploma In Community Health Nursing
187.	800	Thomas Oriri	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Science In Procurement And Log Bachelor Of Purchasing & Supplies Manage Diploma In Personnel Management Dip In Purchasing And Supply Management
188.	1906	Evans Kirui	SENIOR CLAIMS AND BENEFITS OFFICER	HF 9	Master Of Science In Procurement And Logistid Bachelor Of Arts
189.	696	Joseph Tonui	CLAIMS AND BENEFITS OFFICER III	HF 6	Proficiency Examinations (Gos)



Kenya Medical Association

NATIONAL EXECUTIVE

KMA CENTRE, CHYULU ROAD, P.O. BOX 48502 – 00100 GPO, NAIROBI-KENYA

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21st July 2023

KMA MEMORANDUM ON NATIONAL ASSEMBLY INQUIRY OF NHIF ALLEGATIONS OF FRAUD AND OTHER MALPRACTICES.

The Kenya Medical Association (KMA) is the umbrella professional association for doctors in Kenya. Established in 1968, KMA is mandated to champion the welfare of doctors and advocate for quality healthcare in the country. As a representative body for medical professionals, KMA is dedicated to ensuring the highest standards of healthcare delivery and advocating for necessary reforms within the healthcare sector.

In this regard, within its mandate, KMA proposes two areas for reforms at the National Hospital Insurance Fund (NHIF), namely governance and regulation, and investments in digitization/ICT systems.

1. Governance and Regulation

Healthcare regulation plays a crucial role in ensuring public safety, maintaining and improving quality, establishing entry requirements, achieving equity, and enhancing the efficiency of health systems. The correction of market failures and the NHIF's vision to be the trusted and valued partner in securing the health of the community cannot be achieved without effective regulation. It is imperative to have standards of professional practice regulated by a sizable and influential group of professionals within the institution. Thus, self-regulation has been identified as one of the main regulatory approaches through which quality and public safety can be achieved with the support of mandated professional associations.

Recommendations:

As the Kenya Medical Association, we extend our support, technical know-how, and expertise to the NHIF in enhancing governance and regulation. We recommend the following actions:

President
Dr. Simon Kigundu

Vice-President
Dr. Amos Otara

Secretary-General
Dr. Diana Marion

Assistant Secretary-General
Dr. Elizabeth Gitau

Treasurer-General
Dr. Lyndah Kemunto

a. Collaboration with Professional Associations:

NHIF should actively engage and collaborate with professional associations such as KMA to develop and enforce standards of professional practice. By involving relevant stakeholders, NHIF can benefit from their expertise, ensuring that healthcare services provided through the insurance scheme meet the highest standards.

b. Strengthening Oversight Mechanisms:

NHIF should establish robust oversight mechanisms to monitor and enforce compliance with regulatory standards. This includes conducting regular audits and inspections, as well as taking appropriate actions against non-compliant healthcare providers. By doing so, NHIF can safeguard public safety and promote the delivery of quality healthcare services.

c. Quality Assurance:

NHIF should provide Clinical Practice Guidelines for use by the NHIF Preauthorization staff in their work. Conduct regular Continuous Professional Development through Continuous Medical Education for NHIF Clinical staff to improve the quality of clinical decisions made. Provide technical support to NHIF in its cost-containment efforts, ensuring quality is never compromised while trying to lower costs.

2. Investments in Digitization/ICT Systems

The NHIF acknowledges that the healthcare industry is prone to fraud, wastage, and abuse, with an estimated annual loss of 29% to 32% due to medical fraud. Considering that NHIF has a benefit pay-out ratio of approximately 90% each year, these losses are significant. Moreover, the lack of full automation in claim processes and the absence of integration between healthcare provider ICT platforms and the NHIF system contribute to significant inefficiencies.

Recommendations:

KMA recommends that NHIF invests in digitization and ICT systems to improve efficiency, reduce fraud, and enhance service delivery. The following actions are proposed.

a. System Integration:

NHIF should prioritize the integration of healthcare provider ICT platforms with its system more so the country's EMR or HMIS. This integration would streamline claim processes, minimize errors, and

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facilitate efficient data exchange between providers and the NHIF. By embracing digitization, NHIF can ensure transparency, accuracy, and accountability in its operations.

b. Fraud Detection and Prevention:

NHIF should adopt advanced data analytics tools to detect and prevent medical fraud. By leveraging technology, NHIF can analyse large volumes of data, identify irregularities, and take prompt action against fraudulent activities. This will safeguard the financial sustainability of the NHIF and promote trust among beneficiaries.

c. Recruitment of trained and competent health care providers

NHIF should employ trained and competent health care providers to do pre authorization and pay claims including enough doctors and retain consultants from the various specialities to help in approval process.

d. Stakeholder Training and Engagement:

NHIF should provide comprehensive training programs to healthcare providers on the proper utilization of integrated ICT systems. This will ensure smooth adoption and optimal utilization of the digitized processes, leading to improved efficiency and accuracy in claims processing. Additionally, with high apathy towards health insurance, advocacy efforts via effective communication channels to beneficiaries and households are needed to promote sustainability of the fund.

Conclusion

The Kenya Medical Association is committed to the welfare of doctors and the delivery of quality healthcare for all in Kenya. We strongly recommend that the NHIF focuses on governance and regulation, as well as investments in digitization/ICT systems to improve the efficiency, accountability, and quality of healthcare services. By implementing these reforms, NHIF will not only enhance its operations but also contribute to the overall improvement of the healthcare sector in Kenya. The Kenya Medical Association stands ready to provide its support, technical expertise, and collaboration to achieve these objectives.



DR. DIANA MARION
SECRETARY GENERAL
KENYA MEDICAL ASSOCIATION

President
Dr. Simon Kigundu

Vice-President
Dr. Amos Otara

Secretary-General
Dr. Diana Marion

Assistant Secretary-General
Dr. Elizabeth Gitau

Treasurer-General
Dr. Lyndah Kemunto

MEMORANDUM TO THE KENYA NATIONAL ASSEMBLY - COMMITTEE OF HEALTH

I hereby submit memorandum on the following:

To establish whether there was corruption, fraud and other malpractices in the payments of claims to health facilities as alleged in the investigative media reports:

We take note that:

The process of claims payments is initiated from the health facilities with confirmation of the provision of treatment and related services, as per the contract signed between NHIF and health facilities. The amounts to be paid are costed and contained in the Benefits Schedule of the contract.

The facility is expected to submit clinical notes on treatment plan and supporting diagnostic notes and films for approval by **the Case Management Division of NHIF, headed by the Manager Case Management**, who is the final and overall decision maker on preauthorization and approvals of the requests submitted by the facilities for payments of the claims.

NHIF pays out over 90% of the Kshs. 80 billion amounting to approximately Ksh. 72 Billion paid to all healthcare providers. A significant amount, that is over 80% of the payouts are approved under the stewardship and authority of **the Case Manager Ms. Judith Otele**.

From a very reliable source, the said Case manager supervises around 15 Case management officers stationed at head office. The manager, Ms Judith Otele is also involved in approving surgical and other pre-authorized requests. Internal audit has failed to flag her involvement in approvals as a risk. Of great concern is her role in the 6 facilities recently captured in the expose. Over 60% of the cases approved were done by her. She is married to one Dr. Willy Humphrey Otele, a Urologist by practice (Registration Number A3165) who does surgeries in many hospitals across the country including some of the facilities involved in the fraud activity recently exposed, surgeries of high value that are cleared & approved by the stewardship of her wife Judith Otele the case manager at the NHIF. This is a huge conflict of interest that the Fund's HR department should have pointed and handled. She operates with a lot of impunity and any staff that questions her conduct is viewed as an enemy of the system and he/she is transferred. A branch manager in Thika was hurriedly transferred in August 2021 for refusing to pay a single claim worth 3.3 million approved by Judith Otele. The said claim was paid immediately the Branch Manager was moved. Of all the officers in the Fund, she mostly works from home and no one questions her absentia from work. Colleague staff fear her.

For overseas claims, she approves Guarantee of Payments (GoPs) that are not backed by any policy document & NO standard operating procedures (SOPs). She has totally sabotaged any effort to put such processes in place. She works with some cartel overseas hospitals mostly in India to agree on treatment costs for patients and goes ahead to approve Guarantee of Payments (GOP's) and continues to amend some while the patient is still receiving treatment abroad. NHIF goes ahead to make payments directly to this hospitals as per the GoP's issued notwithstanding the risk involved. Her movements/travels in and out of the country especially to India is so often on personal invitation by such overseas

hospitals doing marketing. Some of her records of travel can be obtained from HR department. Her husband who is a practitioner in the medical field has recruited cartel consultant doctors to refer patients outside the country at a fee. Such referral cases are eventually cleared & Guarantee of Payments issued by Case Manager Judith Otele.

Therefore, it is imperative for the Committee of Health to be provided with the data on preauthorization and approvals by the Case Management Division, including overseas patient data and who has been approving what and how much, and if the approvals are with the rates as costed in the Benefit Schedule of the contract.

The data and trends of preauthorization and approvals will be helpful in this investigation on alleged malpractices and fraud so that this matter can be prosecuted to finality.

There is prove of approvals done over and above board approved rates.

Signed:

A handwritten signature in black ink, consisting of a large, stylized letter 'A' with a horizontal line extending to the right and a vertical line extending downwards from the center of the 'A'.

Interested Member of the Public/Stakeholder

Dated: 19th July 2023

Clerk of the National Assembly,

P.O. Box 41842 – 00100

Nairobi.

cna@parliament.go.ke

Dear Sir/Madam,

RE: FEEDBACK ON THE NATIONAL HOSPITAL INSURANCE FUND

The following is our feedback on issues affecting NHIF and how to improve them:

1. Relook at the Quality Assurance Team at every Branch Level

This is the team in charge of approving and authorizing claims on the NHIF systems.

Unless the QA personnel at the Branch level have integrity, there is no way fraudulent claims can be processed on the NHIF system and paid. There need to be regular lifestyle audits done on NHIF Personnel to ensure monies are not received on the side.

2. Preauthorization of Admission cases and Surgical Claims

This team is centralized at Head Quarter level.

For fraudulent claims to be logged onto the system requires collaboration of 3 parties, NHIF employee, Health Facility Employee and the Patient. This is because biometrics and OTP's were introduced into patient registration. Unless these three parties agree to compromise, a claim cannot be completed.

3. Payments Made to Private Hospitals vs. Public Hospitals

Payments made to private Hospitals should not be looked at with suspicion, as private hospitals incur higher claims due to their higher operating costs compared to Government facilities. Private Hospitals have set up their practices on loan facilities acquired from banks and therefore cannot be asked to pay the same amounts as Government bodies who neither factor in loan facilities as the government has already set up those facilities on government land.

4. Fixed Criteria for Paying Claims

The criteria for paying claims should be pegged on when the claim was logged. The turnaround time used to be 21 days but these days we can have claims paid from 90 days to a few years after initial date of service been rendered.

This leads to Health Facility employees camping at NHIF Branches and thereafter encouraging commission based claim processing.

If the claim management system can be efficiently managed with all claims undergoing a fixed turnaround and payment period, this will greatly reduce personnel from both NHIF and Health Facilities from getting compromised due to incentives on delayed payments.

5. Regularly Rating NHIF Branch Performances

NHIF Branches Audit and rate the Hospitals within their geographic location on a regular basis. If this process continues and a second level introduced whereby all Hospital within a specific locality must also rate the Branch they are answering to on a regular basis, performance and fraud will be reported early. Also encouraging positive feedback will keep both sides accountable to each other and prevent victimization of Health Facilities from reporting NHIF.

Kiprono Benard Senior

Facebook

You're not friends on Facebook

3 mutual friends including Mary Wambui Wangui and Lavin Lisa

Jul 16, 2023, 4:14 PM

Hide my identity...

That Ngirigacha is a friend of patrick and they even worked together on some dirty nhif deals



Jul 17, 2023, 8:40 AM

Hi. Mhesh is requesting to get your number you give him more details ...

You can now message and call each other and see info like Active Status and when you've read messages.

Currently am not around am in somalia



ok

My number wont go through



No worries. DP wanted to know more but we do dar have most of the info we need

Sawa, i dont know if this will help you but Patrick and Dr. Wainaina of sonoscan had an agreement to work together but due to his

Visit NHIF for explanati
procedure that costed you
....don't be surprised they
you had a major heart or
stomach surgery.

← Lisah replied to you

Visit NHIF for explanation of procedure that costed you 80kdon't be...

Imagine hiyo hospitali no
no



It's weird



po

It's okay mama

I hope ifungwr



Ifungwe

Wanjah Lisah

Facebook

You're not friends on Facebook

82 mutual friends including John Ruheni and Marlon Douglas Zizou

Jul 13, 2023, 3:28 PM



Hello dear

You can now message and call each other and see info like Active Status and when you've read messages.

I visited that hospital when I had a dental problem last year. They recommended crowning I gave my nhif and claimed 80k



Did you visit NHIF off the billing explanation.

No coz they runned me like inpatient

So there was no need

I felt wasted

Coz I visited that place over and over but unfortunately they never treated me



But you were not an inpa

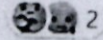
Like Reply Hide 7w



Grace Wilson

Wuueh wacha tu! Hiyo hosi am a victim twice.. its about time someone said something coz as for me i was so traumatized to even say anything that time. The years were 2018 n 2019 when i got admitted there. I wont give my medical history here but that hospital ruined my records at nhif to the extent nhif office called me to go clarify some deductions. When i went to nhif, i found the record there read i had two operations at st. patrick;one for hernia and the other for obstructed knotted intestines.. both times nhif was charged 80k. If today, God forbid i needed surgery for any of these, nhif wudnt pay.

Care Reply Hide 7w



Author

Matthew J. Lopez



Tyllen Onyango
Pauline Njoroge

Like Reply Hide 7w



Githinja Wa Kirinyaga
Rigathi Gachagua Eric Wamumbi MP Mathira Wahome Wamatinga

Like Reply Hide 7w



Rich Rees
@highlight

Like Reply Hide 7w

Evergreen Eden Farm replied · 3 Replies



Rich Rees
INOORO FM OFFICIAL fun page

Like Reply Hide 7w



Nixon Musyoka
Simon Mwangi Muthiora , another death trap is here. Scam after scam

Care Reply Hide 7w



Kevin Hius
St Patrick's Nursing home karatina Enough is enough.Moreso the so called Patrick kimuyu,....He is just a thug

Like Reply Hide 5w



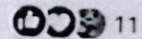
Rich Rees
CITIZEN TV KENYA NEWS HEADLINES

Like Reply Hide 7w



Mutahi Kahiga
Westkagu Jacque Would you have the mobile of the complainant so we engage our medical team to investigate. You can inbox me

Love Reply Hide 7w



Author
Westkagu Jacque
Mutahi Kahiga I Ve sent to your WhatsApp sir.

Like Reply 7w



Author
Westkagu Jacque
Mutahi Kahiga yes. On it. check your whatsapp

Like Reply 7w



Macheru Nderitu
Mutahi Kahiga how are you sir, I still have the nyeri county diagnostics improvement concept that I once gave your rebellious former deputy Caroline, it have some approaches that can save treatment costs through early diseases indentification. Thank you sir, Westkagu Jacque Mmmh, thank you for that challenge.



Grace Wilson

Wuueh wacha tul Hiyo hosi am a victim twice.. its about time someone said something coz as for me i was so traumatized to even say anything that time. The years were 2018 n 2019 when i got admitted there. I wont give my medical history here but that hospital ruined my records at nhif to the extent nhif office called me to go clarify some deductions. When i went to nhif, i found the record there read i had two operations at st. patrick,one for hernia and the other for obstructed knotted intestines.. both times nhif was charged 80k. If today, God forbid i needed surgery for any of these, nhif wudnt pay.

Care Reply Hide 7w



Author

Westkagu Jacqu



Willy Edu
wacha tu nisiseme chenye walifanya 🤔

Like Reply Hide 6w



Kababaz Prince Gueen
Patrick Kimuyu come here

Like Reply Hide 7w



Tyllen Onyango
Pauline Njoroge

Like Reply Hide 7w



Githinja Wa Kirinyaga
Rigathi Gachagua Eric Wamumbi MP Mathira Wahome Wamatinga

Like Reply Hide 7w



Rich Rees
@highlight

Like Reply Hide 7w

Evergreen Eden Farm replied · 3 Replies



Rich Rees
INOORO FM OFFICIAL fun page

Like Reply Hide 7w



Nixon Musyoka
Simon Mwangi Muthiora , another death trap is here. Scam after scam

Care Reply Hide 7w



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Like Reply Hide 5w



Rich Rees
CITIZEN TV KENYA NEWS HEADLINES

Like Reply Hide 7w



Mutahi Kahiga
Westkagu Jacque Would you have the mobile of the complainant so we engage our medical team to investigate. You can inbox me

Love Reply Hide 7w

Most Relevant is selected, so some replies may have been filtered out.



Author
Westkagu Jacque
Mutahi Kahiga I Ve sent to your WhatsApp sir.

Like Reply 7w

View 2 more replies



Mercy Wangari
Horrible hospital operated by fake docs

Love Reply Hide 7w



Anita Gachau
I went there some time ago with esophagitis....nikandugwa sidano ya infection na nikapewa antibiotics. I went to Jamii the following day and the doctor there was like, " Were these people even serious??" Since that day.... Sijawai Rudi huko na sitawai

Care Reply Hide 7w



Mercy Queen
Wueh am shocked

Like Reply Hide 7w



Ma Wisdom
Martha Hinga ii hospitali ikufikie

Like Reply Hide 7w



Feonah Effie Finaz
Justice for the little angel,so inhuman

Like Reply Hide 6w



Caroline Muranga
My cousin was admitted in that hospital a month ago and they lied that he can use his insurance until the last minute wen the family wanted to transfer him they said they don't take that insurance so we had to quickly raise the cash again they were insisting he should be taken to tumutumu with their ambulance lakini tulikataa.i believe that's not a hospital to rely on afadhali nipeleke mgonjwa wangu karatina district hosi

Care Reply Hide 7w



Wangari WA Njeri
Following

Love Reply Hide 7w



Top fan
Zuleika Habiba
Kevin Hius kwani ulifanyiwa ile kitu....Come and rise your grievances here naona watu wote wenye waliyang'anywa salaries wakilipwa

Like Reply Hide 5w



Githinja Wa Kirinyaga
This ka hospital has been trending all time for bad reasons if you have ever been there you may understand better

Like Reply Hide 7w




Carol Benz
Another outspan

Like Reply Hide 7w



Wanjiku Christina
It's no longer not in my list of hospitals since they day I got an encounter with them.

Care Reply Hide 7w


 Wanjugu Wanjugu
Tony Nyagah hio hosipitali inafaa kufungwa

Care Reply Hide 7w

  Author


Westkagu Jacque
Wanjugu Wanjugu woiiii!!! pole for the experience guys..... this time let's
scream loud until we get heard

Like Reply 7w


 Wanjugu Wanjugu
Westkagu Jacque yah let's us do it

Care Reply Hide 7w


Most Relevant is selected, so some replies may have been filtered out.

 Wanjiku Wa Wamuyu
Weuh, by the time I stopped going to that hospital is what I encountered we uh we uh
in my aunt haiya



Like Reply Hide 7w

 Benjamin Wairimu
Hii hos sitaki kuogea mambo yake walinifanya vimbaya sana


Like Reply Hide 7w

 Stella Wamuyu Gathigia
Hii hospital iko wapi?


Like Reply Hide 7w

  Author
Westkagu Jacque
Stella Wamuyu Gathigia Karatina opposite KK Hardware


Like Reply 7w

 Mike Allan Gichuru
I love the way you stand out to talk. Its ablessing to be a voice for the voiceless. Maisha
ya binadamu sio ya mbuzi


Like Reply Hide 7w

 Gathiru Macharia
Na vile wanakuanga expensive weh


Like Reply Hide 7w

 Mercy Mumbi
Every time I hear that name St Patrick I get chills ..I had a bad ordeal huko


Like Reply Hide 7w

 Laban Dakims
Hii kibanda ifungwe kama it cant serve the people na nipewe hapo niweke Third Vision
Studios branch...its very hurting to play around with people's lifes. Community is very
tired and its about time we act on it...anyday im ready Westkagu Jacque


Like Reply Hide 7w

 Author
Westkagu Jacque
Eric Wamumbi MP Mathira tafadhali save Wanjiku please.


Like Reply 7w

 Author
Westkagu Jacque
Wahu Kigano imagine not my dear


Like Reply 7w

 Wahu Kigano
Westkagu Jacque we really need to do something


Like Reply Hide 7w

 Reply to Westkagu Jacque...


Most Relevant is selected, so some replies may have been filtered out.

 Evah Mwangi
Gaiii thanks God I have no encounter


Like Reply Hide 7w

 Michelle Karen Karen
My heart bleeds


Care Reply Hide 7w

 Michelle Karen Karen
I pray nobody touches you..I once made a post and some guy came over me.


Like Reply Hide 7w

 Author
Westkagu Jacque
Michelle Karen Karen Let them or him try.. 🙄🙄🙄🙄


Like Reply 7w

 Chidih Amigo Ochieng
This is baaaaaad, heads must roll!!!!

Like Reply Hide 7w

 Laban Dakims
Thank you Jackie for this piece, we got to know a rogue hospital

Like Reply Hide 7w

 Tony Nyagah
I remember back in 2020 tukiwa na Wanjugu Wanjugu tulipeleka our friend the late Machaa akiwa in a critical condition tukapata hakuna stima 11pm in the whole hospital...kuulizia the nurse on duty told us ni token zimeisha... My friend Macharia insisted apewe hiyo token number anunue tokens worth 1000 they will deduct kwa bill since his file for previous treatment was in that kahospital.... They declined and we transferred him to Karatina nursing home.... Since then nilichukia that hospital with all my heart

Like Reply Hide 7w Edited

Jacque's Post



Anne Wanjagi, Munyu Ndirangu and 78 others

64 comments 3 shares

Like

Comment

Share

Most relevant



Author

Westkagu Jacque
Kamau Watoria Martha Mwihaki Hinga

Like Reply 7w



Author

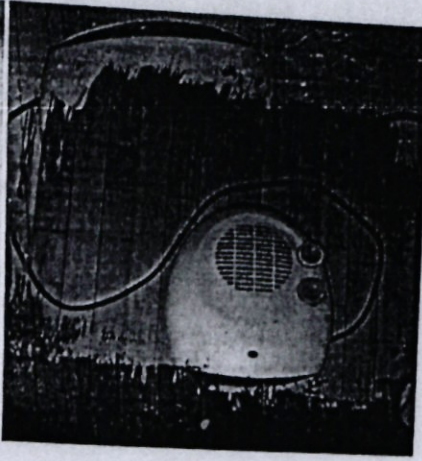
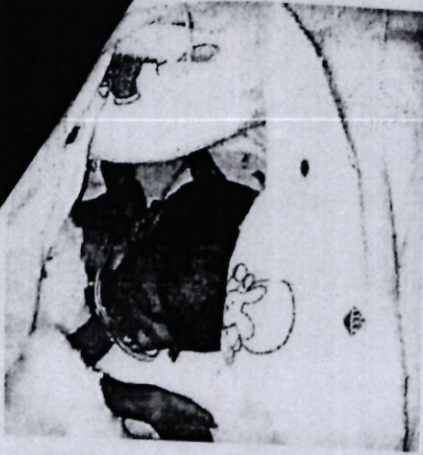
Westkagu Jacque
Kenya Medical Practitioners & Dentists Union

Like Reply 7w



Wahu Kigano
Is this a horror movie???

Like Reply Hide 7w



  80

64 comments 3 shares

Like

Comment

Share



St. Patrick Hospital Karatina, It's almost an year since you killed this baby angel.

The mother came to you with lower abdominal pain while she was only six months pregnant.

You admitted her and informed her she had an infection. What happened next can be compared to a horror movie.

The following is what took place while at a ward in your room for a week...

You introduced IV fluids thus resulting to having early premature delivery (who does that?), as if that wasn't enough you inserted infection drugs into her private area (do you know you can be persecuted for that)....

For a week, your patient was in pain and what she expected to be treatment for just a simple infection had her deliver a premature baby boy..... waiiiiiii!!! as if that wasn't enough, you have no incubator facilities for babies and so on that day you had the baby on oxygen in a normal ward room with an electric heater plugged in 🙄🙄🙄🙄..... chaaaa!!! you are merciless.

Her situation got worse and thus her family chose to have her transferred to another hospital, a decision you were advising against but they became persistent and you had no choice but you insisted to use the hospital ambulance which took another one hour to be processed despite the family having safe means to have her transferred.

Wueeeh!!! She was admitted at Karatina General Hospital and the doctor and nurses after reviewing her case were in utter shock! why? the baby was 800gm with fatal infections with minimal chances of staying alive or having normal life Incase he made it, isitoshr the mother had a retained placenta that had to be surgically removed.

The baby died a painful death and his mother almost lost her life.

The case has been brought to my attention because she is currently dealing with the effects of the traumatic events of that day.

She had a lawyer who later dropped from the case because Mr. Patrick falls under the phrase "untouchable!" 🙄🙄🙄🙄 Sasa he will kill everyone sababu he wants money!??

Meanwhile in my inbox, there is another case against same hospital where they have charged services not rendered and surcharged through NHIF money amounting to Kshs 80,000.

Aaaaah!!! Mr. Patrick, enough is enough.....

Watu wa Karatina wamechoka!!!!

**THE HEALTH COMMITTEE OF THE NATIONAL ASSEMBLY
PR59+XXQ, PARLIAMENT ROAD, NAIROBI
REF: ST. PATRICK HOSPITAL KARATINA**

Hasan Arabe *DD c-1151*
8/108
pls facilitate 23/8/23
La Wng 24/8/23

**THRO'
THE CLERK NATIONAL ASSEMBLY**

My name is Ms. Jackline Ruguru Kagu a Kenyan citizen ID NO. 23737800. I'm a resident of Nyeri County, Mathira East Sub County, Karatina Ward and a member of the Nyeri Veterans.

On 22nd May, 2023 I received a complaint in regard to the facility afore mentioned in the reference above.

The complainant had alleged that sometime last year there was negligence on the side of the management and staff who work in the said facility which led to her having a premature delivery and the death of her six months old son.

On 2nd July, 2023 after a facts finding mission, which had unearthed much, I went public through my social media page (**Westkagu Jacque**) with the information gathered in the view of catching the interest of the right and intended audience since my social media page has a wide following.

On that day I was shocked to receive more complains in regards to the same institution. The post attracted an audience which had structures in place to call upon an investigation. This audience included the Nyeri County Governor.

On 5th July, 2023 the victim who had reached out to me and whose story I had shared on my social media page was called upon by the health committee body in Nyeri county where she recorded her statement and gave her documents of proof. There after several other victims who had shared their complaints against St. Patrick Hospital Karatina were contacted for the same.

Among the allegations incudes and not limited to;

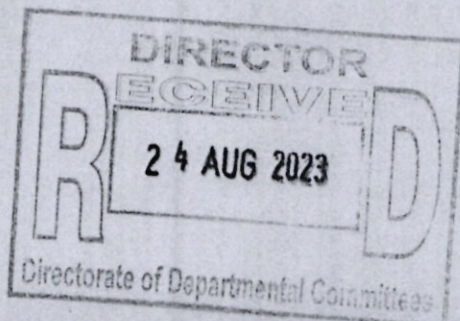
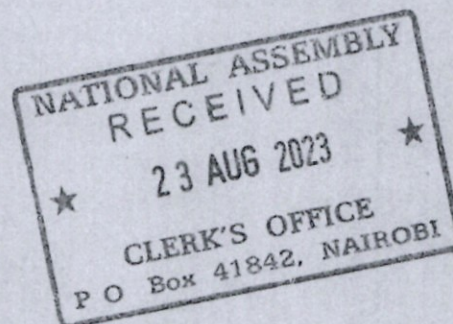
1. **NHIF FRAUD**
2. **RUNNING A PHARMACY THAT ISNT REGISTERED WITH THE PHARMACY & POISON BOARD.**
3. **MR. PATRICK KIMUYU IS A CLINICAL OFFICER & NOT A DOCTOR.**
4. **THE FACILITY ISN'T LICENSED AS A HOSPITAL FACILITY.**
5. **SUB STANDARD SERVICES.**
6. **ISSUING WRONG PRESCRIPTIONS**
7. **GIVING WRONG DIAGNOSIS**
8. **LOSS OF LIFE THROUGH NEGLEGENCE**
9. **BREAKING THE CONFIDENTIALITY CODE.**

This is to kindly call upon the committee to quickly check on the NHIF fraud incidences raised as per the complains attached. The victims are very ready to provide necessary proof and documents when called upon.

Thankyou



Ms. Jackline Ruguru Kagu
23737800



*For attention of the committee
on Health.*
[Signature] *20.7.23*

**IN THE MATTER OF INQUIRY BY THE
NATIONAL ASSEMBLY INTO THE ALLEGED
FRAUDULENT PAYMENTS OF MEDICAL
CLAIMS AND CAPITATION PAYMENTS TO
HEALTH FACILITIES BY THE NHIF: TO
DETERMINE THE EFFICIENCY AND
EFFECTIVENESS OF THE NHIF'S HR
MANAGEMENT**

**PRESENTED TO:
THE NATIONAL ASSEMBLY
THE THIRTEENTH PARLIAMENT (SECOND SESSION) 2023**

**SUBMITTED TO:
CLERK OF THE NATIONAL ASSEMBLY P.O. BOX 41842 - 00100,
NAIROBI**

**MATTER OF CONSIDERATION BY THE COMMITTEE OF THE
NATIONAL ASSEMBLY: EFFICIENCY AND EFFECTIVENESS OF
THE NHIF'S HR MANAGEMENT EFFICIENCY AND
EFFECTIVENESS OF THE NHIF'S HR MANAGEMENT
19TH JULY 2023**

**DIRECTOR
PROSISTIVE**
RD
24 JUL 2023
RD
Directorate of ...
...nceP

**SUBMITTED BY:
KHADIJA ALI
SENIOR ASSISTANT MANAGER - HR**
P.O. BOX 5756 - 00100 NIROBI
TEL NO: 0722483015
EMAIL: akhadija757@gmail.com

**NATIONAL ASSEMBLY
RECEIVED**
20 JUL 2023
CLERK'S OFFICE
P.O. BOX 41842, NAIROBI

1.0 Introduction

Khadija Ali is a Senior Assistant Manager HR at National Health Insurance Fund (NHIF). I have served the Fund for over 20 years since my first appointment on 12th February 2002.

With my vast experience in Human Resource Management, I believe I can contribute to the transformation of NHIF into the trusted Social Health Insurer.

I therefore submit this memorandum to the invitation for public participation and submission of memoranda by the National Assembly. The Thirteenth Parliament (Second Session) dated 8th July 2023. This memorandum highlights my views on HR matters at NHIF.

2.0 Background

The NHIF Human Resource policies and procedures manual (2020) sets the guidelines and procedures on recruitment and selection of members of staff while ensuring adherence to the constitution and other government guidelines on recruitment and selection.

The Human Resource policy and procedures manual provides that:

1. The Fund is an equal opportunity employer and shall not in its recruitment and selection process, discriminate on the basis of gender, race, religion, ethnicity or any other form of discrimination (Section 2.1.2).
2. All employment shall be made with the approval of the Board or as delegated and shall be within the approved establishment (Section 2.1.5).
3. The CEO shall be appointed on a contract of three (3) years renewable once subject to performance (Section 2.5.2).
4. Officers on level HF 2 and HF 3 will be appointed on a five (5) year contract renewable subject to performance (Section 2.5.3).
5. Appointments to the positions in Job Grade HF 1, HF 2, HF 3 and HF 4 shall be made by the Board and shall be in accordance with the approved procedures (Section 2.14.3).
6. The Board may enlist the services of a relevant independent professional body to conduct the recruitment exercise, if necessary (Section 2.14.4).
7. The recruitment procedure as provided under (Section 2.16) of this manual is adhered to.

On 27th November 2020, the Chief Executive Officer (Dr. Peter Kamunyo) appointed Mr. Stanley Wambugu Kariuki as Manager Universal Health Scheme (UHC). This appointment was done without Board of Management knowledge or consultation and without any regard for policy provisions including period of performance evaluation. The Chief Executive Officer (Dr. Peter Kamunyo) had **misinformed** the Board of Management that Mr. Stanley Wambugu Kariuki was Manager UHC (Grade 4) while he was actually a Senior Assistant Manager (Grade 5).

(Annexed Herewith and marked “KA-4” letter appointing Mr. Wambugu to Manager UHS without Board approval effective 1st December 2020)

On 26th February 2021, the Board of Management internally advertised ALL vacant positions in Management. Applications were to be received by 3rd March 2021.

(Annexed Herewith and marked “KA-5” is the Internal Advertisement).

On 1st March 2021, the Chief Executive Officer (Dr. Peter Kamunyo) wrote a letter to the Head of Public Service requesting for approval to recruit for NHIF Senior Management. This letter was to be forwarded through; The CS, Health and CS, National Treasury and Planning and copied tops, Ministry of Health, PS, National Treasury and to Mrs. Hannah Murithii Chairperson NHIF Board of Management

On 4th March 2021, the Chief Executive Officer (Dr. Peter Kamunyo), wrote another letter to the CS, Health (Mutahi Kagwe) requesting for approval to hold special full Board meeting on Tuesday 9th March 2021 to undertake suitability assessment of internal staff.

(Annexed Herewith and marked “KA-6” letter requesting for approval to recruit for NHIF Senior Management and letter to CS-Health requesting for approval to hold special full Board meeting)

Observations:

1. The intention of the Chief Executive Officer (Dr. Peter Kamunyo) was to disrupt the Board of Management decision to advertise for the senior management positions. Authority for recruitment should have been sought prior to advertising for the positions.

2. The recruitment procedure as provided in the HR Policy and Procedures manual does not provide for approval to recruit by the Head of Public Service. This is because the power to recruit has been placed on the Board of Management. If this were the case, then Head of Public Service would be overwhelmed with the numerous requests for approvals for recruitment from the entire public service.
3. This letter requesting for approval to recruit failed to inform the Head of Public Service that the Board of Management had already internally advertised for ALL senior Management vacancies.
4. There are no board minutes instructing the CEO, on Behalf of the Board of Management, to write to the Head of Public Service and request for approval to recruit after the decision to advertise for the positions.

On 8th March 2021, the Ministry of Health (CS, Mutahi Kagwe) responded to the request to recruit dated 1st March 2020. It advised the Chief Executive Officer (Dr. Peter Kamunyo) to put the exercise on Hold until further notice to allow for consultations.

(Annexed Herewith and marked "KA-7" letter from the CS, Health - Mutahi Kagwe and Circular from Head of Public Service on Management of State Corporations)

A circular Ref No: PO/CAB.9/1A dated 11th March 2020 from the Head of Public service providing further guidance and direction on the Management of State Corporations while raising issues on the conduct of Boards and Management of various state corporations.

Observations:

1. The letters of irregular appointments issued by the Chief Executive Officer (Dr. Peter Kamunyo) were therefore nullified by this declined request.
2. The Chief Executive Officer (Dr. Peter Kamunyo) failed to inform the CS, Mutahi Kagwe that he had already made other irregular appointments.

On 11th March 2021, the Chief Executive Officer (Dr. Peter Kamunyo), communicated postponement of interviews/ the recruitment exercise through memo Ref No: HF/C/962. Vol VI/7 dated 11th March 2021.

Observation:

1. Staff who had arrived from all parts of the country for interviews after being shortlisted and invited for interviews were forced to return to their stations.

2. This postponement of interviews was a source of demotivation for staff who had been assured by Board of Management of a fair and transparent recruitment exercise.

(Annexed Herewith and marked "KA-8" letter HF/C/962. Vol VII/7 from the Chief Executive Officer (Dr. Peter Kamunyo), communicating postponement of interviews/ the recruitment exercise dated 11th March 2021.

On 16th March 2021, the Chief Executive Officer (Dr. Peter Kamunyo) wrote to SCAC requesting for advice on the irregular appointments he had made.

(Annexed Herewith and marked "KA-9" letter dated 16th March 2021 from the Chief Executive Officer (Dr. Peter Kamunyo), requesting for SCAC advice on irregular appointments)

Observation:

1. The CEO failed to give SCAC full information on the irregular nature of appointments.
2. That the appointments were irregularly done and did not follow the recruitment procedure in line with section 2.16 of the approved HR policy and procedures manual.
3. That the irregular appointments did not have the full Board approval
4. The CEO failed to inform SCAC of the other irregular appointments he made without Board of Management approval.
5. The CEO had the approved HR instruments but still blamed the World Bank Consultant (Ms. Dorcas Wainaina) for misguiding the Board of Management.

On 13th April 2021, SCAC provided advice on the appointments.

(Annexed Herewith and marked "KA-10" letter dated 13th April 2021 from SCAC advising the CEO (Dr. Peter Kamunyo)

Observation:

1. In the SCAC letter the Chief Executive Officer (Dr. Peter Kamunyo), insinuated that the officers were duly appointed. This was not the case as no advertisements were done and no interviews were conducted to facilitate appointments.
2. The SCAC indicated the following:
 1. That if the officers were duly appointed downgrading would amount to legal exposure
 2. That the Chief Executive Officer's letter alluded to a Board Ad-hoc Committee's Advisory for the management to downgrade the three (3) staff based on a consultant's recommendation. That this may occasion legal exposure in the event that Management takes this downgrading action without approval of the full Board; and
 3. That the role of the consultant in occasioning both promotion and downgrading of staff points to an over-reach of conventional consulting terms of reference. A consultant cannot dictate which staff to be promoted or downgraded as such is supposed to be guided by the institutional framework and relevant policy provisions outlined in the approved NHIF Human Resource Policy Instruments.

On 22nd April 2022, the Chief Executive Officer's (Dr. Peter Kamunyo) relies on a legal opinion by Ms. Rose Nakhungu (also a beneficiary of irregular appointment) to reinstate the irregular appointments.

(Annexed Herewith and marked "KA-11" legal opinion dated 22nd April 2022 by Ms. Nakhungu)

Observation:

1. This matter ought to have been escalated back to the full Board of Management for review
2. The Chief Executive Officer (Dr. Peter Kamunyo) and Legal Officer (Ms. Rose Nakhungu) usurped the Board of Management's powers of appointment in reinstating appointments that the Board of Management had rescinded.
3. The legal officer failed to point to the legal risk that will emanate from the candidates shortlisted and invited for interviews and from those who are currently waiting for interviews to resume.

On 30th April 2021, the Chief Executive Officer's (Dr. Peter Kamunyo) reinstated the irregular appointments without approval of the Board of Management.

Observation:

1. The Chief Executive Officer (Dr. Peter Kamunyo) displayed a show of insubordination against the lawful instructions of the Board of Management and CS Health (Mutahi Kagwe) to revoke/hold the appointments.
2. The Chief Executive Officer (Dr. Peter Kamunyo) working with Mr. Joseph Tonui and Ms. Rosemary Gachemi (beneficiaries of appointments in HR) irregularly backdated salaries from 1st September 2020 to 30th April 2021 amounting to millions of shillings to these individuals.
3. This amounts to loss of public funds which must be SURCHARGED from them.
4. ALL appointments of Grade HF 1, HF 2 and HF 3 are contractual appointments however, the Chief Executive Officer (Dr. Peter Kamunyo) appointed individuals on permanent and pensionable terms of service against the HR policy provisions. None of the irregular appointees including the Ag. CEO (Dr. Kuhora) ever raised an issue with their irregular appointments. This shows collusion to corruption and lack of ethical leadership.
5. The Suitability Assessment Report by the World Bank Consultant revealed that the appointees were not qualified for the appointments.

(Annexed Herewith and marked "KA-12" letters dated 30th April 2021 from the Chief Executive Officer (Dr. Peter Kamunyo), reinstating irregular appointments)

On 7th June 2021, I (Khadija Ali) advised the Chief Executive Officer (Dr. Peter Kamunyo) against such actions.

(Annexed Herewith and marked "KA-13" letter advising CEO copied to the Board of Management)

3.0 THE ISSUES

3.1 IRREGULAR APPOINTMENTS

1. The irregular appointments made by the Chief Executive Officer (Dr. Peter Kamunyo):
 - a. Did not have both the Board of Management approval and Head of Public Service approval
 - b. Did not follow approved policy provisions/ recruitment procedures
 - c. Failed to adhere to national values and principles of Governance and the values and principles of Public Service as set out in the Constitution.
2. An ad-hoc committee of the Board of Management is not a full Board

3.2 ACTING APPOINTMENTS

1. Most of the acting appointments are drawn from unqualified individuals
2. Seniority and Performance not used as a criteria for acting appointment
3. Cronyism used as a means of making acting appointment
4. Long periods of acting beyond six (6) years shows evidence of a sleeping Board of Management

3.3 CARTELS/LACK OF ETHICAL LEADERSHIP AT NHIF

1. It will be impossible for any Board of Management or directors to work successfully with the irregular appointees who have formed a strategic cartel from HR to finance.
2. All irregular appointments be quashed and the process starts again afresh following due process

3.4 BACKDATED SALARY

1. This should be recovered as it amounts to theft of public funds

3.5 ROGUE BOARD MEMBERS IN THE HR COMMITTEE

1. The Chair of the HR Committee (Dr. Rachel Monyoncho) needs to be de-gazetted for hindering internal resolution of these matters having served in the previous Board of Management.

4.0 CONCLUSIONS/ RECOMMENDATION

Considering the above observations, I retain the position that all appointments at NHIF MUST be lawful and in line with policy provisions. As such I recommend the following:

1. All the irregular appointments made by the former Chief Executive Officer (Dr. Peter Kamunyo) since his appointment as CEO of NHIF be declared null and void and revoked as it was done irregularly against policy provisions and without Board of Management approval.
2. The recruitment of ALL vacant positions must be done in line with the approved HR policy instruments.
3. Recovery of public funds from irregular payment of backdated salary be effected through surcharge of beneficiaries.
4. The former Chief Executive Officer (Dr. Peter Kamunyo) be held accountable for abuse of office.

END

KA-1

Handwritten notes: 'JB-1', Janet Boit, 19th Sept. 2022, NAIROBI



OFFICE OF THE SECRETARY OF THE PRESIDENT
STATE CORPORATIONS ADVISORY COMMITTEE

Telephone: +254 2227411
When replying please quote

OFFICE OF THE SECRETARY
KICC, 9TH FLOOR
P.O. Box 42145 - 00100
NAIROBI, KENYA

Ref. No. HF/C/944 VOL XI/(49)
and date

30th August, 2020

Hon. Ms. M. Njoroge, BPP
Principal Secretary
Ministry of Health
Afya House
NAIROBI

Dear

RE: REQUIREMENT FOR APPROVAL OF THE HUMAN RESOURCE
ORGANIZATION FOR NATIONAL HOSPITAL INSURANCE
FUND (NHIF)

This has reference to letter Ref. No. HF/C/944 VOL XI/(49) of 29th June, 2020 forwarded by your office regarding the above.

The forwarded Human Resource policy documents for National Hospital Insurance Fund (NHIF) have been reviewed by the Committee (SCAC) in terms of section 5(3) of the State Corporations Act. The Committee observed that:-


- a) The Organizational Structure provides a lean span of control which is ideal for a Commercial Agency like National Hospital Insurance Fund (NHIF).
- b) The staff establishment is optimal and contains desirable ratios of technical to administrative staff.

- c) The career guidelines provide clear and succinct job and person specifications tailored to tap and retain qualified, skilled and competent staff.
- d) The provisions in the Human Resource Policy and procedures manual are properly aligned to the guidelines issued by the Public Service Commission in May 2016.

Accordingly, you may convey approval for National Hospital Insurance Fund to implement the following four (4) SCAC MARKED Human Resource instruments herewith enclosed:-

- 1) Organizational Structure
- 2) Staff Establishment
- 3) Career Guidelines
- 4) Human Resource Policy and Procedures Manual

Yours



Wanjiku Wakogi
SECRETARY

CC: Mr. Joseph M. Mwangi, BSC
Head of the Public Service
Executive Office of the President
NARS/PS-1

Mr. Joseph Mwangi, BSC
Cabinet Secretary
The National Treasury and Planning
NARS/PS-1

KA-2

HF/HR/2137/99

2nd September 2020

Ms. Rosemary Wairimu Gachemi

RE: APPOINTMENT

The National Hospital Insurance Fund (NHIF) is undergoing reforms and restructuring that has necessitated a realignment of the human resource and the organizational structure, for transformation & repositioning of NHIF as strategic purchaser of health services, to deliver Universal Health Coverage (UHC) and fully implement the 2018-2022 Strategic Plan.

This letter is to inform you of the Board of management decision to appoint you to the position of Manager Human Capital Management. You are required to assume the new position effective 1st September 2020.

Your new salary grade is HF 4.

You will enter the scale at Two hundred thousand two hundred and four shillings (Kshs. 200,204/=) per month.

Your position will report to Head, Human Resource Services and in their absence, The Chief Executive Office will provide guidance.

House Allowance

Your house allowance will be Fifty-five Thousand shillings (Kshs. 55,000/=) per month.

Commuter Allowance

You will be entitled to commuter allowance at the rate of Twenty-two thousand shillings (Kshs. 22,000/=) per month.

Medical Allowance

You will be entitled to a comprehensive medical cover for yourself and family with annual limits of Kshs. 2.5 million for in-patient, Kshs. 250,000/= for out-patient treatment, Kshs. 40,000/= for optical and Kshs. 50,000/= for dental services.

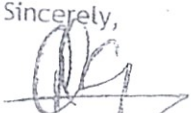
Leave

You are entitled to 30 days annual leave and Kshs. 20,000/=p.a as leave allowance.

I hope this appointment confirms the confidence that Management has in your contribution to The Fund.

I take this Opportunity to congratulate you in your new Appointment.

Yours Sincerely,


DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER

JB-2
Janet Boit
19th Sept-2022
Nairobi
CENTRAL OFFICE

HF/HR/1216/VOLL II/2

2nd September 2020

Mr. S. Wambugu Kariuki

RE: APPOINTMENT

The National Hospital Insurance Fund (NHIF) is undergoing reforms and restructuring that has necessitated a realignment of the human resource and the organizational structure, for transformation & repositioning of NHIF as strategic purchaser of health services, to deliver Universal Health Coverage (UHC) and fully implement the 2018-2022 Strategic Plan.

This letter is to inform you of the Board of management decision to appoint you to the position of Head Beneficiary Management. You are required assume the new position effective 1st September 2020.

Your new salary grade is HF 3.

You will enter the scale at Three hundred twenty-six thousand one hundred and sixteen shillings (Kshs. 326,116/=) per month.

Your position will report to Director, Beneficiary & Provider Management and in their absence, The Chief Executive Office will provide guidance.

House Allowance

Your house allowance will be Sixty-five Thousand shillings (Kshs. 65,000/=) per month.

Commuter Allowance

You will be entitled to commuter allowance at the rate of Twenty-six thousand shillings (Kshs. 26,000/=) per month.

Medical Allowance

You will be entitled to a comprehensive medical cover for yourself and family with annual limits of Kshs. 2.5 million for in-patient, Kshs. 250,000/= for out-patient treatment, Kshs. 40,000/= for optical and Kshs. 50,000/= for dental services

Leave

You are entitled to 30 days annual leave and Kshs. 35,000/=p.a as leave allowance.

I hope this appointment confirms the confidence that Management has in your contribution to The Fund.

I take this Opportunity to congratulate you in your new Appointment.

Yours Sincerely,



DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER

HF/HR/1285/180

2nd September 2020

Mr. Joseph K. Tonui

RE: APPOINTMENT

The National Hospital Insurance Fund (NHIF) is undergoing reforms and restructuring that has necessitated a realignment of the human resource and the organizational structure, for transformation & repositioning of NHIF as strategic purchaser of health services, to deliver Universal Health Coverage (UHC) and fully implement the 2018-2022 Strategic Plan.

This letter is to inform you of the Board of management decision to appoint you to the position of Head Administration Services You are required assume the new effective 1st September 2020.

Your new salary grade is HF 3.

You will enter the scale at Three hundred ninety-six thousand three hundred and ninety five shillings (Kshs. 396,395 /=-) per month.

Your position will report to Director, Corporate Services and in their absence, The Chief Executive Office will provide guidance.

House Allowance

Your house allowance will be Sixty-five Thousand shillings (Kshs. 65,000/=) per month.

Commuter Allowance

You will be entitled to commuter allowance at the rate of Twenty-six thousand shillings (Kshs. 26,000/=) per month.

Medical Allowance

You will be entitled to a comprehensive medical cover for yourself and family with annual limits of Kshs. 2.5 million for in-patient, Kshs. 250,000/= for out-patient treatment, Kshs. 40,000/= for optical and Kshs. 50,000/= for dental services

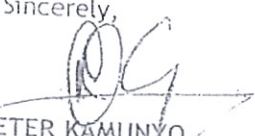
Leave

You are entitled to 30 days annual leave and Kshs. 35,000/=p.a as leave allowance.

I hope this appointment confirms the confidence that Management has in your contribution to The Fund.

I take this Opportunity to congratulate you in your new Appointment.

Yours Sincerely,


DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER

KA-3

HF/HR/2137/100

12th October, 2020

Ms. Rosemary Wairimu Gachemi

REF: REVOCATION OF APPOINTMENT


The appointment letter dated 2nd September, 2020 refers.

We regret to inform you that after careful deliberation by the Board of Management, the letter appointing you Manager, Human Capital Management has been revoked effective 1st October, 2020. You will continue in your role as Resourcing & Planning Officer I.

This consideration follows an in-depth review of your qualifications, years of experience and Human Resource Management roles held to date in line with the new Organizational structure and Career Guidelines.

The Board appreciates your contribution in your current role as a Resourcing & Planning Officer I and will continue to support your growth given the potential you have exhibited so far.

Yours Sincerely,



DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER

JB-3
Janet Bott
19th Sept. 2022
Nairobi
CC: HR/HR/2137/100



HF/HR/1216/ VOL. II/3

14th October, 2020

Mr. Stanley Wambugu Kariuki

REF: AMENDMENT OF APPOINTMENT


The appointment letter dated 2nd September, 2020 refers.

We regret to inform you that after careful deliberation by the Board of Management, the letter appointing you Head, Beneficiary Management has been amended to Acting Head, Beneficiary Management effective 1st October, 2020 through to 30th September, 2021.

This consideration follows an in-depth review of your qualifications, years of experience and job roles held to date in line with the new Organizational structure and Career Guidelines.

The Board appreciates your contribution and hopes that the 12-month period will be sufficient to assess your capability to effectively function in the position.

Yours Sincerely,



DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER



HF/HR/1285/181

14th October, 2020

Mr. Joseph K. Tonui

REF: REVOCATION OF APPOINTMENT

The appointment letter dated 2nd September, 2020 refers.

We regret to inform you that after careful deliberation by the Board of Management, the letter appointing you Head, Administration Services has been revoked effective 1st October, 2020.

This consideration follows an in-depth review of your qualifications, years of experience and job roles held to date in line with the new Organizational structure and Career Guidelines.

The Board appreciates your contribution in your current role as Manager, Human Resource Planning, Resourcing & Training.

Yours Sincerely,



DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER



KA-4

HF/HR/1216/VOL II/9

27th November 2020

Mr. Stanley Wambugu Kariuki

SUBJECT: APPOINTMENT - MANAGER, UNIVERSAL HEALTH SCHEME

The National Hospital Insurance Fund (NHIF) is undergoing reforms and restructuring that has necessitated a realignment of the human resource and organizational structure, for transformation and repositioning of the Fund as a strategic purchaser of healthcare services to deliver Universal Health Coverage (UHC).

In this regard, we wish to inform you of the Management's decision to appoint you to the position of Manager, Universal Health Scheme (HF 4) with effect from 1st December 2020.

Accordingly, you will enter the Scale at Three Hundred Twenty-Six Thousand, One Hundred Sixteen Shillings (Kes 326,116/=) per month, in the salary range of Kes. 200,204 x 10,014 - 210,218 x 10,511 - 220,729 x 11,032 - 231,761 x 11,587 - 243,348 x 12,172 - 255,521 x 12,775 - 268,295 x 13,418 - 281,714 x 14,085 - 295,799 x 14,787 - 310,586 x 15,530 - 326,116 x 16,308 - 342,423 per annum.

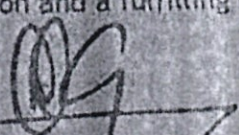
You will also be entitled to a House allowance of Fifty-Five Thousand (Kes 55,000/=), Commuter allowance of Twenty-Two Thousand (Kes 22,000/=) and a comprehensive medical cover for yourself and family with annual limits of Kes 2.5 million for in-patient, Kes 250,000/= for out-patient treatment, Kes 40,000/= for optical and Kes 50,000/= for dental services.

You will further be entitled to a 30-day annual leave and Kes 20,000/= as leave allowance per annum.

Arising out of this appointment and further reference to our letter HF/HR/1216/VOL II/3 of 14th October 2020, you continue discharging the job roles and responsibilities assigned to the office of Head, Beneficiary Management until or otherwise advised to enable business continuity in the Department; details of which will be communicated to you separately through pay change advice (PCA).

Accordingly, you will be reporting to the office of the Chief Executive Officer for any matters that may arise during the period you will be in-charge.

In the meantime, I take this early opportunity to wish you success in your assignment at your new station and a fulfilling career with the Fund.


DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER

KA-5

JB-8
Janet Bwit
19th Sept 2012
NATROB!
C. 550-210-0118



INTERNAL ADVERTISEMENT

The NHIF Board of Management wishes to identify dynamic, talented, focused individuals to fill the following open positions at the Head Office. These positions are open to all staff across the Fund who meet the position requirements.

Beneficiary and Provider Management

- Head, Beneficiary Management (1)
- Head, Benefits Design & Claims Management(1)
- Manager, Universal Health Scheme (1)
- Manager, Enhanced Schemes (1)
- Manager, Customer Experience (1)
- Manager, Actuarial Assessment & Benefits Design (1)
- Regional Manager (3)
- Branch Manager (32)

Financial Services

- Head, Finance, Accounting & Investment (1)
- Manager, Finance & Credit Control (1)
- Manager, Budgeting & Reporting (1)
- Manager, Treasury Management & Reporting (1)

Information, Communication & Technology (ICT)

- Head, Business Information Systems (1)
- Manager, Network Administration & User Support Services (1)
- Manager, Infrastructure & Data Centre Management (1)
- Manager, Software Development & Integration (1)

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Corporate Services-Human Resource Management

- Manager, Human Capital Management (1)
- Manager, Human Resource Services (1)

Corporate Services- Administration

- Head, Administration (1)
- Manager, Property & Security Services (1)

Corporate Services - Communication & Marketing

- Head, Corporate Communications & Marketing (1)
- Manager, Corporate Communication (1)
- Manager, Marketing (1)

Internal Audit

- Manager, Audit, Process & Systems (1)
- Manager, Audit, Risk & Forensic Audit (1)
- Manager, Enforcement & Compliance (1)

Strategy, Planning, Research & Policy

- Head, Strategy, Planning, Research & Policy (1)
- Manager, Strategy & Planning (1)
- Manager, Research & Policy (1)

Supply Chain

- Manager, Procurement & Disposal (1)

Legal Services & Corporation Secretary

- Manager, Legal Services (1)

BENEFICIARY AND PROVIDER MANAGEMENT

Job Title: Head, Beneficiary Management

Job Grade: HF 3

Reports to: Director, Beneficiary & Provider Management

Key Responsibilities

- Ensure enforcement and compliance with NHIF Act and related legislation, on all operational activities and provide guidance to Operations managers.
- Lead in the development, implementation, monitoring and review of sustainable operational strategies relating to member registration, revenue collections, claims processing and quality assurance;
- Develop, implement and review of NHIF policies relating Operation's business process re-engineering as well as branch expansion and enhancement;
- Lead in stakeholder engagement activities that will enhance the achievement set targets in member registration, revenue collection and claims processing;
- Provide technical advice to the Chief Executive Officer and Board of Management on issues pertaining to compliance, member registration, claims administration, healthcare provider surveillance, disease patterns and trends.
- Develop and implement strategies that enhance membership registration and revenue growth
- Ensure both employer and individual member accounts are managed appropriately;
- Oversee declaration and contracting of health providers and ensure they operate within set industry and professional standards.
- Develop and implement strategies that enhance increased accessibility to healthcare facilities by NHIF members.
- Implement the international disease code in the operating ICT systems.
- Develop and manage health management information system for NHIF

Academic and Professional Qualifications

- At least nine years' work experience, three of which should be in Senior management
- Bachelor's Degree in Economics, Business, Medicine, Social Science, Pharmacy or any other related field from a recognized Institution
- Master's Degree in Economics, Business, Medicine, Social Science, Pharmacy or any other related field from a recognized Institution
- Professional qualification and membership where applicable
- Management course lasting not less four (4) weeks.

Functional and Behavioral Competencies

- Operational problem-solving skills
- Ability to develop long term integrated and cross functional operational plans
- Ability to operationalize strategy into action
- Strong leadership and people management skills
- Strong Negotiation skills
- Ability to drive change and innovation
- Strong analytical and interpretative skills

Job Title: Head, Benefits, Design & Claims Management

Job Grade: HF 3

Reports to: Director, Beneficiary & Provider Management

Key Responsibilities

- Initiating and implementing benefits design and management policies while applying strategic models of purchasing
- Ensuring Strategic purchasing of benefit packages.
- Developing policy guidelines and strategies for claims and benefits management
- Continuously developing internal controls to ensure sustainability of benefits packages.
- Developing and ensuring implementation of policies and strategies on business process re-engineering.
- Providing advice on necessary reviews of the NHIF Act and propose amendments in line with the changing business environment and quality standards.
- Ensuring effective implementation and administration of the healthcare management information system and advise on areas of improvement for better service provision;
- Ensuring adherence to international standards in Benefits Design and Claims Management.
- Preparing concept papers, Board papers, periodic progress reports and annual reports showing departmental achievements against planned targets as well as providing justification for performance variances and areas of improvement

Academic and Professional Qualifications

- At least nine years' work experience, three of which should be in Management
- Bachelor's Degree in Economics, Actuarial, Business, Medicine, Social Science, Pharmacy or any other related field from a recognized Institution

- Master's degree in economics, Business, Medicine, Social Science, Pharmacy or any other related field from a recognized Institution
- Diploma or Professional certification in operations management and /or Quality management or Insurance
- Professional qualification and membership where applicable
- Management course lasting not less four (4) weeks.

Functional and Behavioral Competencies

- Operational problem-solving skills
- Ability to develop long term integrated and cross functional operational plans
- Ability to operationalize strategy into action
- Strong leadership and people management skills
- Strong Negotiation skills
- Ability to drive change and innovation.
- Strong analytical and interpretative skills

Job Title: Manager, Universal Health Scheme

Job Grade: HF 4

Reports to: Head, Beneficiary Management

Key Responsibilities

- Participate in developing and implementing operational strategies for member registration and revenue collection, while communicating these strategies to all stakeholders associated with and within NHIF
- Engage with the stakeholders in the Public and Private Sectors to identify and optimize on membership registration opportunities
- Conduct yearly Market and Customer Satisfaction surveys and establish market trends that will inform effective strategy formulation for member registration and revenue collections
- Engage county governments and other potential partners in ensuring that all respective county residents have insurance membership with NHIF
- Undertake debt management for all the sectors and submit periodic reports.
- Participate in the implementing fundraising campaign plans for Informal sector
- Coordinate the collation and analysis of market data to establish emerging market trends and opportunities.
- Carry out sensitization activities in various regions in the country to achieve set registration targets
- Preparing periodic reports on the dynamics of the registration and revenue collections activities.

- Strengthen collaborative partnerships and networks with relevant government agencies, regulators and other stakeholders.
- Prepare concept papers, board papers, periodic progress reports and annual reports showing sectional achievements against planned targets.

Academic and Professional Qualifications

- At least seven years' relevant work experience and two years at management level
- Bachelor's degree from a recognized Institution in Economics, Business, Social Science, or any other related field.
- Master's degree from a recognized Institution in Economics, Business, Social Science, or any other related field
- Professional qualification and membership where applicable
- Management course lasting not less four (4) weeks.

Functional and Behavioral Competencies

- Operational problem-solving skills
- Ability to operationalize strategy into action for the organization as whole
- Strategic leadership and management skills
- Strong Negotiation skills
- Ability to drive change and innovation
- Strong analytical and interpretative skills

Job Title: Manager, Enhanced Schemes
 Job Grade: HF 4
 Reports to: Head, Beneficiary Management

Key Responsibilities

- Develop strategies and coordinate negotiation, contracting and retention of Enhanced Schemes by engaging with National Government, County Governments and other potential partners.
- Coordinate stakeholder sensitization on the Enhanced Schemes
- In liaison with Head, Beneficiary Management, develop and deploy appropriate models for onboarding and sustaining Enhanced Schemes
- Coordinate Enhanced Schemes negotiations, engagements, sensitizations, monitoring and evaluation

- In liaison with Actuarial Assessment & Benefits Design Division monitor loss ratios of the Enhanced Schemes and advise Management appropriately
- Prepare monthly, quarterly and annual reports on management and performance of Enhanced Schemes
- Implement recommendations from the surveys and monitoring and evaluation reports for continuous improvement of Enhanced Schemes
- Relationship management with various Enhanced Schemes and their beneficiaries.
- In liaison with Quality Assurance & Contracting and Legal Services Department, monitor adherence and execution of the Enhanced Schemes contracts and notify the clients appropriately

Academic and Professional Qualifications

- At least seven (7) years' relevant work experience and two (2) years at management level
- Bachelor degree from a recognized institution in Project Management, Economics, Business, Social Science or any other related field.
- Master degree from a recognized institution in Project Management, Economics, Business, Social Science or any other related field
- Professional qualification and membership where applicable
- Management course lasting not less four (4) weeks.

Functional and Behavioral Competencies

- Operational problem-solving skills
- Ability to operationalize strategy into action for the organization as whole
- Strategic leadership and management skills
- Strong Negotiation skills
- Ability to drive change and innovation
- Strong analytical and interpretative skills

Job Title: Manager, Customer Experience

Job Grade: HF 4

Reports to: Head, Beneficiary Management

Key Responsibilities

- Develop and recommend customer experience standards, policies and procedures designed to meet the Fund's goals and initiatives.
- Spearhead implementation and communicate the approved customer experience strategies across the Fund for consistent customer experience standards and performance expectations.
- Develop best practice in customer experience and manage the customer journey
- Collect, collate and analyze customer feedback for decision making and service delivery improvements
- Monitor the implementation of the Customer Service Charter
- Maintain relationships with various clients through Customer Relationship Management (CRM) system.
- Ensure continuous training of Customer Experience officers
- Creating awareness of benefit packages and encourage responsible and informed benefits choice.
- Onboard Fund's products to the customers for them to be confident to using services.
- Monitoring the management of customer complaints and resolutions
- Coordinate Customer Experience Centre activities
- Develop and monitor implementation of divisional work plans and strategies
- Liaise with the Office of the Ombudsman and coordinate responses and resolution to customer complaints.

Academic and Professional Qualifications

- At least seven (7) years' work experience with at least two years in Management
- Bachelor degree in Marketing, Communication, Customer Care, Public relations or Social Sciences or any other relevant degree from a recognized institution
- Master degree in Marketing or other business-related fields
- Be a registered member of the Institute of Customer Experience Kenya, Marketing Society of Kenya or other related association
- Have attended a management course lasting not less than four weeks

AT

Functional and Behavioral Competencies

- In-depth understanding of the Fund's core mandate and processes
- Creativity and innovation
- Ability to build and maintain strong business relationships
- Interpersonal and leadership skills
- Effective Communication skills

Job Title: Manager, Actuarial Assessment & Benefits Design

Job Grade: HF 4

Reports to: Head, Benefits Design & Claims Management

Key Responsibilities

- Design and model new benefit packages aligned to customer needs
- Oversee the preparation of new product proposals
- Participate in implementation of new products and programs in the market
- Continuously review the benefit packages and advise on product enhancement, innovation and product strategy.
- Monitor claims experience, loss ratio & combined ratio.
- Month-on-Month calculation of actuarial reserves.
- Provide day-to-day premium quotations for Enhanced Schemes
- Supporting the Financial Services Directorate in calculation of prospective liabilities. (i.e. *Contribution Reserves (Unexpired Risk Reserve) and Claim Reserves (Incurred But Not Reported Reserve & Outstanding Claims Received but not paid Reserve)*).
- Conduct Business Intelligence on benefits packages and provide reports.
- Monitor and evaluate performance of new and existing products.
- Carry out claims experience analysis (claims, persistency, severity etc.) and provide recommendations.
- Advice on appropriate rating guidelines for existing products based on relevant information.

Academic and Professional Qualifications

- At least seven (7) years' work experience two (2) of which should be in Management
- Bachelor's degree in Actuarial Sciences, Mathematics, Statistics or a relevant in health field from a recognized institution.

- Master's degree in actuarial sciences, Healthcare Administration, Health Systems Management, Health Economics, Economics or any other related and relevant field from a recognized institution
- Have attended a management course lasting not less than four weeks
- Be a registered member of a relevant and recognized medical body.
- Be proficient with principles of social health insurance.
- Be proficient in computer applications.

Functional and Behavioral Competencies

- Operational problem-solving skills
- Ability to develop long term integrated and cross functional operational plans
- Ability to operationalize strategy into action for the organization as whole
- Strong leadership and management skills
- Strong negotiation skills
- Ability to drive change and innovation
- Strong analytical and interpretative skills

Job Title: Head, Finance, Accounting & Investment

Job Grade: HF 3

Reports to: Director, Financial Services

Key Responsibilities

- Develop and install effective financial management systems and procedures to improve financial reporting and accounting for management of member contributions and payment of claims to health care providers.
- Plan and coordinate timely preparation of monthly, quarterly and annual reports and estimates.
- Coordinate banking services, reconciliation and custody of funds, securities and financial instruments and prepare summary financial position forecast reports on revenue collection, expenditure and investments
- Establish prudent expenditure management procedures to ensure proper authorization of payments
- Ensure timely disbursement and payment for goods and services as per contract terms.
- Analyze financial information detailing assets, liabilities and capital and prepare financial statements
- Develop procedures and policy guidelines on cash management

- Advise Management on liquidity position based on cash and bank balances.

Academic and Professional Qualifications

- At least nine years work experience three of which should be in management level
- Master Degree in Business Administration (MBA) or related field
- Bachelor Degree in Accounting, Finance or Economics or related field
- Certified Public Accountant CPA (K) or ACCA or equivalent qualification
- Member in good standing of ICPAK or any other recognized professional body
- Have attended a management course lasting not less than 4 weeks
- Competency in financial ERP

Functional and Behavioral Competencies

- Competency in Financial/Accounting Application/Software.
- Strong analytical and reporting skills
- Project Management skills
- Ability to develop plans, programs, SOPS, and coordination of workflows
- Strategic management skills
- Strong leadership and communication skills

Job Title: Manager, Finance & Credit Control

Job Grade: HF 4

Reports to: Head, Finance, Accounting & Investment

Key Responsibilities

- Develop and ensure implementation of an effective accounts receivable system and managing the settlement of accounts receivables including staff benefits administered by the Fund, Rent from Properties, surcharges, ex-gratia
- Manage debts, ensuring timely payments are made, processing incoming funds, reconciling invoices and resolving account queries
- Maintain strong relationships with all clients to ensure invoices are clear for payment
- Manage the timely and effective collection of all debts and payments

- Resolve all issues raised internally and externally around outstanding invoices
- Provide account information to internal departments
- Coordinate the development and implementation of credit control policy
- Implementing an effective-accounts payable system aimed at ensuring efficiency and adequate internal controls are embedded in payment system.
- Enforcing reconciliation of trade payables and revenue cash book accounts in conformity with the laid down financial regulations
- Analyzing revenue collection and prepare reports for Management
- Communicate and ensure adherence to financial policies, procedures and control in functional areas to ensure effective accounts payables management by reducing supplier payment period
- Liaising with the Human Resources Department for up-to-date information on staff changes, employment records and allowances with a view to ensure timely and accurate settlement of employee emoluments.

Academic and Professional Qualifications

- A minimum period of seven years relevant work experience two of which should have been in management
- Bachelor's Degree in Commerce, Business Administration, Business Management (Finance or Accounting option) or other relevant and equivalent qualifications from a recognized institution;
- Master's Degree in any of the following: Accounting, Business Administration, Finance or their equivalent qualification from a recognized Institution;
- Certified Public Accountant (CPA-K) or Associate of Certified Chartered Accountant (ACCA);
- Management Course lasting not less than four (4) weeks
- Membership in good standing of the ICPAK or any other recognized professional body

Functional and Behavioral Competencies

- Strong analytical and reporting skills
- Project management skills;
- Ability to develop plans, programs, SOPs and coordination of workflows
- Strategic management skills
- Strong leadership and communication skills

Job Title: Manager, Budgeting & Reporting

Job Grade: HF 4

Reports to: Head, Finance, Accounting & Investment

Key Responsibilities

- Costing all cost center activities and participate in preparation and justification of Annual budget estimates.
- Deploy the budget into the financial ERP and communicate to relevant cost center managers.
- Ensuring cost centers adhere to budgetary compliance and cost containment measures;
- Applying principles of cost accounting to conduct studies which provide detailed cost information not supplied by general accounting systems for purposes of cost containment;
- Providing management with reports specifying and comparing factors affecting product pricing and productivity;
- Overseeing the preparation of monthly, quarterly and annual management reports on cumulative revenue and expenditure, actual expenditure versus Budget and analysis of cost drivers;
- Investigating cost variances, reconcile and resolve issues;
- Reviewing standard and actual costs for inaccuracies.
- Ensuring preparation of monthly, quarterly and annual financial reports in accordance with IFRS, PFM Act and in line with provisions set out by relevant fiscal policies;
- Coordinating external Audits - both statutory by KENAO/KRA covering Financial and System Audits and special Audits by relevant Government Agencies;
- Ensuring timely preparation of responses on management reports for all systems and Financial audits.
- Evaluating progress and status of steps taken to address any audit findings received from all external audits.
- Ensuring timely preparation, review and approval of bank reconciliation statements;

Academic and Professional Qualifications

- A minimum of seven years relevant work experience two of which should have been in management
- Bachelor's Degree in Commerce, Business Administration, Business Management (Finance or Accounting option) or other relevant and equivalent qualifications from a recognized institution;
- Master's Degree in any of the following: Accounting, Business Administration, Finance or their equivalent qualification from a recognized Institution;
- Certified Public Accountant (CPA-K) or Associate of Certified Chartered Accountant (ACCA);

AL

- Management Course lasting not less than four (4) weeks from a recognized institution
- Membership of good standing of ICPAK

Functional and Behavioral Competencies

- Strong analytical and reporting skills;
- Project management skills;
- Ability to develop plans, programs, SOPs and coordination of workflows;
- Strategic management skills;
- Strong leadership and communication skills.

Job Title: Manager, Treasury Management & Reporting

Job Grade: HF 4

Reports to: Head, Finance, Accounting & Investment

Key Responsibilities

- Ensuring seamless integration with approved banking services,
- Overseeing and maintaining all bank accounts operated by the Fund.
- Overseeing the accounting of special funds including donor and project funds
- Ensuring preparation of monthly and quarterly reports to summarize current and projected financial position in order to advise on Fund's liquidity position
- Ensuring security of financial accountable documents such as cheques and cheque books.
- Ensuring timely preparation of transfer of funds requisition, replenishment of funds to Operation Accounts and Petty cash.
- Ensuring timely disbursement of payments to health care providers, trade creditors and staff.
- Ensuring proper posting of transactions and maintenance of operations' cashbooks.
- Advising Management on actual position of liquidity based on cash and bank balances.
- Monitor performance and provide recommendations for the Fund's Investments.
- Implementation of Capital Management Policy and Investment Policy.
- Monitor investment market and financial positions of Banks to inform on stability and security of investments.
- Preparing investment proposals based on the highest return & lowest risk.
- Negotiating with financial institutions for optimal rates of return on investments.

- Analysing investment portfolios and prepare reports for Management.
- Initiating and coordinating review of investment policy.

Academic and Professional Qualifications

- A minimum period of seven (7) years relevant work experience two (2) of which should have been in management
- Bachelor's Degree in Commerce, Business Administration, Business Management (Finance or Accounting option) or other relevant and equivalent qualifications from a recognized institution;
- Master's Degree in any of the following: Accounting, Business Administration, Finance or their equivalent qualification from a recognized Institution;
- Certified Public Accountant (CPA-K) or Associate of Certified Chartered Accountant (ACCA);
- Management Course lasting not less than four (4) weeks from a recognized institution
- Membership of good standing of ICPAK

Functional and Behavioral Competencies

- Strong analytical and reporting skills
- Project management skills;
- Ability to develop plans, programs, SOPs and coordination of workflows
- Strategic management skills
- Strong leadership and communication skills

Job Title: Manager ICT, Network Administration & User Support Services

Job Grade: HF 4

Reports to: Head, ICT HOD - NETWORK & INFRASTRUCTURE SERVICES

Key Responsibilities

- Forecasting and planning on Network and infrastructure need for the Fund;
- Initiating and implementing best practices in the management of Network and Infrastructure department;
- Ensuring the availability, capacity, security, stability and performance of the Networks and Systems in the Fund

- Providing support in maintaining, troubleshooting, and upgrading the core network infrastructure. This includes core network switches, end switches, routers, network drawing, maintain current designs and well as developing future design requirements
- Ensuring the ICT Networks and Infrastructure Team complete the lifecycle planning, installation, testing, upgrading, control and management of all configuration items of the ICT infrastructure including all documentation, software, hardware and firmware assets, including information relating to the configuration items, their dependencies and relationships;
- Ensuring the Network Team keep the ICT Network infrastructure secure from internal and external threats and that all privileges are proactively managed.
- Managing the assessment, analysis, documentation and implementation of all changes to the configuration items of the ICT Network infrastructure;
- Ensuring the ICT Network and Systems Infrastructure Team design, implement, maintain and test strategies, procedures and contingency plans for all systems, data and components to ensure ICT services are restored in a timely fashion in the case of a disaster
- Planning, implementing, and supporting the NHIF wide area and local data networks, including proactive network management and problem resolution.
- Providing leadership and direction through developed short and long-range technology plans.
- Reviewing and updating annual and multi-year plans to assure their implementation and continued maintenance.
- Administering the Fund's core network equipment
- Monitoring and maintaining the Fund's wide area network (WAN) to ensure connectivity availability to all system users.
- Providing periodic reports of enterprise technology and support activities as required to achieve and maintain performance measures
- In liaison with contracted service providers, reporting and resolve branch connectivity issues.
- Planning, coordinating, and implementing network security measures to protect the Fund's data and information systems.
- Supporting and implementing organizational distributed storage and virtualization infrastructure
- Coordinating and controlling the network access and usage
- Designing, configuring, and testing network equipment, networking software and operating systems software.
- Recommending changes to improve systems and network configurations and determine hardware or software requirements related to such changes.
- Oversees help desk support, providing users with access to needed information, utilizing technology resources effectively, and ensuring that end user problems are resolved in a timely and effective manner
- Provide leadership around the data we maintain and leverage in our processes. Ensure our data is accurate and usable. This includes items such as accurate software and hardware inventory to ensure compliance reports are generated, reviewed, and approved in a timely manner.
- Rollout process improvements and automation opportunities to keep improving service levels.

Academic and Professional Qualifications

- At least seven (7 years' experience in relevant work with at least two (2) years' experience in a supervisory role;
- Master's Degree in any of the following disciplines :- Information Technology, Computer Science, Business IT, Software Engineering, Information Systems, ICT Project Management, Computer Engineering or any other relevant and equivalent qualification from a recognized institution.
- Bachelor's Degree in any of the following fields: Information Technology, Computer Science, Business IT, Software Engineering, ICT Project Management, Computer Engineering or its equivalent qualification from a recognized institution.
- At least any one (1) certifications in either CCNP, CDCP, CCNA, ISOC, MCSE, MCSA, ITIL, MCSD, N+, A+ OCA, CISSP, Linux+, Network+, Microsoft Certified IT Professional (MCITP), CISA, CISM, CGEIT or other equivalent qualifications from a recognized institution.
- Be a member of a relevant ICT professional body.
- Management course of not less than four (4) weeks from a recognized institution

Functional and Behavioral Competencies

- Strong analytical and reporting skills
- Project management skills;
- Ability to develop plans, programs, SOPs and coordination of workflows
- Strategic /operation management skills
- Strong leadership and communication skills

Job Title: Manager ICT, Infrastructure & Data Centre Management

Job Grade: HF 4

Reports to: Head- Network & Infrastructure Services

Key Responsibilities

- Providing a secure, compliant, robust, reliable, scalable and efficient data center infrastructure and directs infrastructure support strategy and operations.
- Developing computer information resources for data security and control, and disaster recovery for internal NHIF systems and cloud providers.

- Maintaining a disaster recovery plan for IT operations and production systems and coordinate responses to emergency production issues; resolve conflicting demands from users for service.
- Ensuring the ICT Infrastructure Team design, implement, maintain and test strategies, procedures and contingency plans for all systems, data and components to ensure ICT services are restored in a timely fashion in the case of a disaster
- Designing and adopting the implementation of information disaster recovery mechanisms for the Fund;
- Improving, tuning and expanding all systems as growth demands. Ensures infrastructure installations go smoothly, as well as software and hardware upgrades.
- Providing technical input and recommendations for contracts, software and related goods and services needed for technology areas. Negotiate with and direct vendors and contractors, including contract management.
- Ensuring maximum accountability and accuracy for management of technology assets, vendors, software licensing, and hardware support within the data Centre.
- Overseeing the day-to-day support of all production platforms to ensure the high availability, integrity, and confidentiality of the network, servers, storage, telecommunications services and information.
- Providing leadership and direction through developed short and long-range technology plans. Review and update annual and multi-year plans to assure their implementation and continued maintenance.
- Participating as a member of the Information Technology management team and plan, organize, and set performance measures for goals, initiatives, staff and Division budgets.
- Overseeing the development, implementation, and maintenance of technical solutions, support standards, business continuity, and disaster recovery

Academic and Professional Qualifications

- At least seven years' experience in relevant two of which should be management level
- Master's Degree in any of the following disciplines :- Information Technology, Computer Science, Business IT, Software Engineering, Information Systems, ICT Project Management, Computer Engineering or any other relevant and equivalent qualification from a recognized Institution.
- Bachelor's Degree in any of the following fields: Information Technology, Computer Science, Business IT, Software Engineering, Information Systems, ICT Project Management, Computer Engineering or its equivalent qualification from a recognized Institution.
- At least any one (1) certification in either CCNP, CDCP, CCNA, ISOC, MCSE, MCSA, MCSD, N+, A+ OCA, ITIL, CISSP, Linux+, Network+, Microsoft Certified IT Professional (MCITP), CISA, CISM, CGEIT or other equivalent qualifications from a recognized institution.
- Be a member of a relevant ICT professional body.

- Professional qualification and membership where applicable
- Management course lasting not less four (4) weeks.

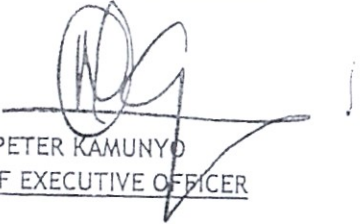
Skills and Competencies for Branch Manager

- Operational problem-solving skills
- Ability to operationalize strategy into action for the organization as whole
- Strategic leadership and management skills
- Strong Negotiation skills
- Ability to drive change and innovation
- Strong analytical and interpretative skills

APPLICATION DETAILS

Candidates who meet the above requirements should submit a cover letter application attaching ONLY additional certificates since all your academic and professional certificates were already submitted during suitability assessment. Your application should reach the office of the Chief Executive Officer through snrrecruitment@nhif.or.ke by close of business 3rd March, 2021.

Note that the above positions are strictly for internal NHIF staff only.


DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER

KA-6



HF/C/944 VOL. XI/(135)

1st March 2021

Dr. Joseph Kinyua, EGH
Chief of Staff & Head of Public Service
Executive Office of the President
State House
NAIROBI

Hon. (AMB) Ukur K. Yatani, EGH
Cabinet Secretary
The National Treasury & Planning
NAIROBI

JB-10
Janet Bat
19th Sept 2022
NAIROBI

Thro'

Sen. Mutahi Kagwe, EGH
Cabinet Secretary
Ministry of Health
Afya House
NAIROBI

Dear CS Yatani,

RE: REQUEST FOR APPROVAL TO RECRUIT FOR NHIF's SENIOR MANAGEMENT

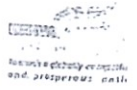
Reference is made to various Executive Office of the President's circulars and National Treasury and Planning circulars resting with the National Treasury and Planning Circular Ref: DGIPE/A/1/10 dated 14th January 2021 requiring amongst others that state corporations seek approval before recruitment of staff.

The aforementioned Circular, in Section B part 9 (ii) requires that State Corporations seek approval from the line Ministries, the National Treasury and Planning and other relevant authorities prior to recruitment of staff.

In this regard, while taking into consideration the changing business environment, the Fund's role in the "Big 4" agenda and the need to ensure that the organization has the right numbers, skilled and competent as well as a motivated workforce for effective delivery of the Universal Health Care. Further, the Health Financing Reforms Expert Panel for the Transformation and Repositioning of the NHIF in their submission of the final report recommended that the functional structure of the Fund be re-organized to



National Hospital Insurance Fund, Ragati Road P.O. Box 30443 - 00100 Nairobi, Kenya
Tel: (020) - 2723255/6, 2723246, 2714793/94 Fax: 2714806 E-mail: info@nhif.or.ke Website: www.nhif.or.ke



meet the expanded role as a strategic purchaser for UHC and reflecting the core function that the NHIF should undertake.

Consequently, therefore NHIF in a bid to achieve the above is seeking to recruit officers to various vacant senior management positions in line with the recommendations of the Report of Health Experts on NHIF Reforms Panel and the functional role the Fund will play in the "Big 4" agenda.

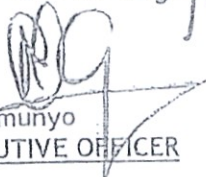
In view of the above, the NHIF Board of Management in its meeting held on 5th February 2021 approved the inclusion of the budget for the recruitment of staff to these senior positions in its Supplementary budget 2020/2021 and further approved the interviewing of the shortlisted applicants for the positions listed below;

1. Director, Beneficiary and Provider Management
2. Director, Internal Audit
3. Director, Financial Services
4. Director, Information Communication Technology (ICT)
5. Director, Corporate Services
6. Head, Supply Chain Management
7. Head, Legal Services & Corporation Secretary

NHIF hereby kindly requests your approval for recruitment of officers to the positions mentioned above to fill the vacant positions and aid in achieving Universal Health Coverage.

Yours

Sincerely,



Dr. Peter Kamunyo
CHIEF EXECUTIVE OFFICER

Copy to:

Susan Mochache, CBS
Principal Secretary
Ministry of Health,
NAIROBI

Dr. Julius Muia, CBS
Principal Secretary
National Treasury and Planning,
NAIROBI

Mrs. Hannah W. Muriithi, EBS
Chairperson - NHIF Board of Management

HF/C/944 VOL. XI/138

4th March 2021

Sen. Mutahi Kagwe, EGH
Cabinet Secretary
Ministry of Health
Afya House
NAIROBI

JB-12
Janet Bwit
19th Sept 2022
Nairobi

Dear Waziri,

RE: REQUEST FOR APPROVAL TO HOLD SPECIAL FULL BOARD MEETINGS.

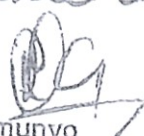
Reference is made to the Office of the President Circular on Management of State Corporation Ref NO. OP/CAB.9/1A dated 11th March 2020, NHIF's letter Ref NO. HF/C/944 VOL. XI/3 and the Ministry of Health letter Ref. No. MOH/ADM1/vol.1/25 dated 14th April 2020.

The Circular in Section A part 3 requires that Parastatals seek approval for the line Ministries in consultations with State Corporations Advisory Committee (SCAC) to hold extra meetings over and above the regular meetings as guided by Mwongozo.

NHIF is undertaking internal recruitment for the officers to the various vacant positions in the organization new structure in a bid to ensure that NHIF completes reforms in line with HEFREP report and to boost productivity in achievement of Universal Health Coverage.

In view of this, NHIF seeks approval to hold a special full Board meeting on Tuesday 9th March 2021 to undertake suitability assessments of internal staff.

Yours Sincerely,


Dr. Peter Kamunyo
CHIEF EXECUTIVE OFFICER

Copy to: Susan Mochache, CBS
Principal Secretary
Ministry of Health
NAIROBI

Mrs. Hannah Muriithi, EBS
Chairperson - NHIF Board of Management



National Hospital Insurance Fund, Ragati Road P.O. Box 30443 - 00100 Nairobi, Kenya
Tel: (020) - 2723255/6, 2723246, 2714793/94 Fax: 2714806 E-mail: info@nhif.or.ke Website: www.nhif.or.ke

KA-7



THE PRESIDENCY
EXECUTIVE OFFICE OF THE PRESIDENT
HEAD OF THE PUBLIC SERVICE.

JB-11
Janet Bost
14th Sept 2022
NATROBI.

OP/CAB.9/1A

STATE HOUSE
P.O. Box 40530-00100
Nairobi, Kenya
March 11, 2020

The Attorney General
All Cabinet Secretaries
All Principal Secretaries
All Chairpersons and Chief Executive Officers, State Corporations

RE: MANAGEMENT OF STATE CORPORATIONS

Given the critical role of State Corporations in driving the country's development agenda, the government remains steadfast in its efforts to enhance reforms in their governance, management and oversight in line with the recommendations of the Presidential Taskforce on Parastatal Reforms, and the edicts of Executive Order No. 6 of 2016. This office has received various requests for clarity as to the organization and structuring of the governance structures of State Corporations. At the same time, the Ethics and Anti-Corruption Commission which is mandated to ensure compliance with the provisions of Chapter Six of the Constitution and the Leadership and Integrity Act, 2012 has raised pertinent issues on the conduct of boards and management of various state Corporations.

The key areas relate to integrity issues arising from the frequency of board meetings, payment of allowances, and mileage claims, as well as additional prescriptions to enhance performance and compliance. These concerns buttress the emphasis of probity in the manner in which State Corporations conduct their business. Consequently, your attention is drawn to the following directives and guidelines:

A. Board meetings

1. All Boards of Directors are required to submit their annual ALMANAC to SCAC through the parent Ministry by 30th June of

- e. Unless otherwise provided in enabling legislation, the Board of Directors shall appoint a new Chief Executive Officer in line with existing laws, regulations and guidelines.
3. Chairpersons of Boards of State Corporations will be required to ensure compliance with the directive on filling of acting positions within 6 months of their occurrence.
4. It is hereby reiterated that contracts of employment are to be entered into, in the format and incorporating the terms and conditions as approved and communicated through government guidelines.

G. Human Resource Policy Instruments

1. Boards of Directors are required to ensure that they are implementing SCAC approved Human Resource Policy Instruments in line with circular no. OP/SCAC.9/21/1/1 of 15th May 2017. In the course of reviewing the Human Resource Policy Instruments, special attention should be given to: (a) Placement of the Head of Internal Audit between level two and three in the grading structure. The Office of Internal Auditor should similarly be functionally independent and answerable to the Board through the Audit Committee; (b) The establishment of the function of Corporation Secretary/Head of Legal Unit directly reporting to the Board, or serving under the Chief Executive Officer where specified as Secretary to the Board.
2. State Corporations are to file with SCAC their Human Resource Compliance Reports, including payroll reports for all cadres of staff by 31st July of each year.

H. Status of Human Resource Systems in State Corporations


The Government intends to automate the Human Resource (HR) function in the Public Service and consolidate the HR data for efficient and effective human resource management. To accomplish this, it was found necessary to make an assessment of state agencies using independent systems in human resource management and their linkages to other systems.

As a first step in the process, we require a record of all the systems in use in State Corporations for assessment and decision-making purpose. Automation and consolidation of HR data in the Public Service would go a long way to enable the Government to achieve the overall objective of Capacity Assessment and Rationalization of the Public Service (CARPS) and also comply with Article 232 (i) of the Constitution of Kenya 2010 which seeks to ensure that Government functions are properly structured and staffed to facilitate transformation of the Public Service at both the National and County Governments.

Agencies are to provide baseline data as per the table below and forward the same to the Principal Secretary, Ministry of Public Service by 25th March, 2020 to facilitate the analytical process.

Human Resource Management Function (Biodata, leave, payroll)	Type of System (Oracle, SAP, Open Source or Build)	Name of State Corporation		Total Cost (Kshs.)	
		System in use (if not say manual)	Linkages with other systems Enterprise Resource Planning (ERP), Kenya Revenue Authority, National Social Security Fund	Purchase/Build	Annual Maintenance License

State Corporations may, through their respective Ministries, seek further guidance from this office on any other related circumstances that are not explicitly provided for in this circular. These directives take effect immediately.


 JOSEPH K. KINYUA, EGH
 HEAD OF THE PUBLIC SERVICE

KA-8

Internal Memo

From : Chief Executive Officer

To : All Staff

Ref : HF/C/962.VOL.VI /7

Date : 11th March 2021

SUBJECT: HUMAN RESOURCE REORGANIZATION UPDATE

Reference is made to my communique dated 26th February, 2021 through which open positions were declared and internally advertised.

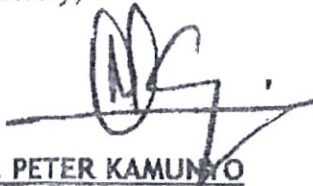
The process was however deferred to allow for more consultations and seamless execution of our Human Resource instruments. Consequently, all staff are hereby advised to continue discharging their duties and responsibilities in the positions they are currently holding to ensure business continuity in all our service points.

May I reiterate the Management's appreciation for your continued patience, commitment and dedication during this reforms journey which is being done transparently and meticulously taking cognizance of all staff interests and welfare.

I take this opportunity to be grateful for your contribution to the Fund's transformation agenda, geared towards implementation and scale up of Universal Health Coverage in our country, being a major pillar in His Excellency The President's Big Four Agenda.

We will continually keep you posted on the progress and should you have any queries do not hesitate to revert to my office.

Sincerely,



DR. PETER KAMUNYO



KA-9

SECRETARY STATE
CORPORATIONS ADVISORY COMMITTEE
29 MAR 2021
EXECUTIVE OFFICE OF THE PRESIDENT

16th March, 2021

Ref. No. HF/C/944 VOL. XI

Ms. WANJIKU WAKOGI, EBS
SECRETARY
EXECUTIVE OFFICE OF THE PRESIDENT,
STATE CORPORATIONS ADVISORY COMMITTEE,
NAIROBI, KENYA.

Dear Madam,

REF: REQUEST FOR ADVICE ON STAFF APPOINTMENTS

National Hospital Insurance Fund Policy Instruments were approved by State Corporation Advisory Committee in August 2020. Consequently, the NHIF Board of Management directed that a human resource suitability assessment be undertaken to fill critical positions. The candidature for these positions was drawn from the Management Committee whose responsibility is to support the Ad hoc Committee of the Board in the restructuring process. Subsequently, a World Bank consultant brought on board to advice on the restructuring was charged with the responsibility to assess those fit to fill the positions. Accordingly, the following officers were recommended to fill the positions as shown below:

	NAME	PF/NO	PREVIOUS GRADE	APPOINTED GRADE	DESIGNATION/POSITION
1	Washington Okoth	2436	G3	G3	Head Network & Infrastructure
2	Joseph Tonui	1285	G4	G3	Head Administration Services
3	Wambugu Kariuki	1216	G5	G3	Head Beneficiary Management
4	Douglas Owino	2456	G4	G4	Manager Quality Assurance
5	Fransisca Mwanza	1419	G4	G3	Head Budget Planning & Investment
6	Judith Otele	1768	G5	G4	Manager Case Management
7	James Letangule	2272	G6	G4	Manager Claims Management
8	Abass Abdi	1340	G7	G4	Manager Application System Support
9	Rosemary Gachemi	2137	G6	G4	Manager Human Capital Management
10	Rose Nakhungu	2119	G6	G5	Principal Officer Board Liaison
11	Ali Isaack	1536	G4	G3	Head Provider Management



The officers above were substantively appointed to the new positions, new grades and designations and took up the new salaries and benefits attached to those positions, with effect from 2nd September 2020. Thereafter, the consultant provided a recommendation for the revocation of the appointments of the three staff on account of experience and qualifications.

	NAME	PF	PREVIOUS GRADE	APPOINTED GRADE	PROPOSED APPOINTMENT
1	Joseph K. Tonui	1285	G4	G3	Head Administration Services
2	Wambugu Kariuki	1216	G5	G3	Head Beneficiary Management
3	Rosemary Gachemi	2137	G6	G4	Manager Human Capital Management

Arising from the recommendations, an Ad hoc Committee of the board advised Management to reverse the appointments. The same was effected on the payroll on the 22nd October 2020.

Consequently, the concerned staff appealed against the Management decision to reverse their earlier appointments citing breach of fair Labour practices as enshrined in Article 41, Article 27(1) of the Constitution.

This is therefore to seek for your advice and guidance in respect of the reversal of the appointment of the three officers above, especially any exposure thereof.

Sincerely,




Dr. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER

KA-10



Janet Boff
19th
NAIROBI
COMMISSIONER OF CHIEFS

EXECUTIVE OFFICE OF THE PRESIDENT
STATE CORPORATIONS ADVISORY COMMITTEE

Telephone: +254 2227411
When replying please quote

OFFICE OF THE SECRETARY
KICC, 9TH FLOOR
P.O. Box 42145 – 00100
NAIROBI, KENYA

Ref. No. **OP/SCAC. 9/60 VOL II/82**

4th March, 2021

Dr. Peter G. Kamunyo
Chief Executive Office
National Hospital Insurance Fund
NAIROBI

04 MAR 2021

RE: NHIF HUMAN RESOURCE INSTRUMENTS

This has reference to your letter Ref: HF/HR/21.VOL. IV/140 dated 25th February, 2021 regarding the above subject matter.

It is noted from the letter under reference, that:-

- (a) The NHIF Board has made some revisions to the approved Human Resource Instruments.
- (b) The revised staff establishment has created new positions.
- (c) The newly created positions have been advertised internally for filling.

Please note that:-

- (i) NHIF Human Resource Policy Instruments were approved by the State Corporation Advisory Committee vide letter Ref: OP/SCAC. 9/60 Vol II/(69) of 31st August, 2020 (Annex II).
- (ii) NHIF is required to implement the same as directed by the Head of the Public Service vide circular Ref: OP/CAB. 9/1A of 11th March, 2020 (Annex III).
- (iii) Any changes deemed necessary by the NHIF Board can be recommended to SCAC for consideration through the parent Ministry. Implementation of any such revised provisions are

subject to approval in term of section 5(3) of the State Corporations Act, Cap. 446.

Accordingly, the NHIF Board should only proceed to fill the positions that remain consistent with the approval of 31st August 2020 and submit any new positions/structures for expedited consideration in line with (iii) above.

Yours



Wanjiku Wakogi
SECRETARY

Copy to: **Mr. Joseph K. Kinyua, EGH**
Head of the Public Service
Executive Office of the President
NAIROBI.

Hon. (Amb.) Ukur Yatani, EGH
Cabinet Secretary
The National Treasury and Planning
NAIROBI

Hon. Mutahi Kagwe, EGH
Cabinet Secretary
Ministry of Health
NAIROBI

Ms. Susan Mochache, CBS.,
Principal Secretary
Ministry of Health
NAIROBI

Ms. Theodora Gichana
Ag. Inspector General (Corporations)
Office of the President
NAIROBI

19 APR 2021



10 (16)
The file number is JB-6
Date of receipt 19th Sept 2022
Nairobi
COMMUNICATIONS SECTION

EXECUTIVE OFFICE OF THE PRESIDENT
STATE CORPORATIONS ADVISORY COMMITTEE

Telephone: +254 2227411
When replying please quote

OFFICE OF THE SECRETARY
KICC, 9TH FLOOR
P.O. Box 42145 - 00100
NAIROBI, KENYA

Ref. No. **OP/SCAC.9/60 VOL. 11**
and date

13th April, 2021

Dr. Peter Kamunyo
Chief Executive Officer
National Hospital Insurance Fund
P.O Box 30443 - 00100
NAIROBI



**RE: REQUEST FOR ADVICE ON STAFF APPOINTMENTS --
NATIONAL HOSPITAL INSURANCE FUND (HNIF)**

This has reference to your letter Ref. HF.C.944 VOL. X1 of 15th March, 2021 concerning the above.

It is noted from your letter, under reference, that the National Hospital Insurance Fund (NHIF):-

- a) Promoted eleven (11) staff to various positions within the approved staff establishment w.e.f 2nd September, 2020 and that these officers were dully appointed and consequently assumed the salaries attached to the higher positions.
- b) Board's Adhoc Committee advised management to reverse the promotions of three (3) of the promoted staff following a recommendation from a World Bank consultant that they did not meet the requirements. Yet it is the same consultant who had undertaken an assessment and recommended all the eleven (11) as suitable for promotion.
- c) Management proceeded to reverse the promotion of the three (3) officers based on the advisory of the Board's Adhoc Committee.

It is observed that:-

- i) Once NHIF appointed the eleven (11) officers to new grades and they assumed the salaries thereof, any reversal of the promotion is tantamount to downgrading which creates legal exposure since the action meted may not pass the test of fairness in terms of the provisions of the Fair Administrative Action Act;
- ii) The letter, under reference, has also simply alluded to a Board Adhoc Committee's advisory for management to downgrade the three (3) staff based on a consultant's recommendation. This may occasion further legal exposure in event that Management took the downgrading action without approval of the full Board; and
- iii) The role of the consultant in occasioning both promotion and downgrading of staff points to an over-reach of conventional consulting terms of reference. A consultant cannot dictate which staff to be promoted or downgraded as such is supposed to be guided by the institutional framework and relevant policy provisions outlined in the approved NHIF Human Resource policy instruments.

Accordingly, it may be imperative for necessary redress measures to be taken to obviate the likely legal exposure relating to the downgrading of the three (3) staff.

Yours

Wanjiku Wakogi, EBS.,
Secretary

Copy to: **Mr. Joseph K. Kinyua, EGH**
Head of the Public Service
Executive Office of the President
NAIROBI.

Hon. Mutahi Kagwe, EGH
Cabinet Secretary
Ministry of Health
NAIROBI

KA-11

22 APR 2021

*Noted for action
as guided/advised.*

23

22.04.21



INTERNAL MEMO

To: Chief Executive Officer
Thro: Ag Corporation Secretary and Head Legal Services
From: Principal Board Liaison Officer
Ref: HF/LD/23 VOL V (10)
Date: 22nd April 2021
Re: ADVICE FROM SCAC ON STAFF APPOINTMENTS NATIONAL HOSPITAL INSURANCE FUND

*forwarded
22-04-2021
J.P.O.*

The matter above and your note to advice on the opinion from the State Corporations Advisory Committee dated 22nd April 2021 refers.

Under the State Corporations Act Section 27, one the functions of the State Corporation Advisory Committee includes to advise on the appointment, removal or transfer of officers and staff of state corporations, the secondment of public officers to state corporations and the terms and conditions of any appointment, removal, transfer or secondment.

Therefore the Fund stands guided by SCAC. Indeed there is a legal risk where a promotion is downgraded without adherence to fair administrative procedures. This is also supported by the legal opinion submitted referenced HF/LD/23 VOL V (9).

B
Rose Nakhungu

KA-12



HF/HR/1285/181

30th April 2021

Mr. Joseph Tonui

RE: REINSTATEMENT OF APPOINTMENT

Reference is made to the letter Ref. HF/HR/1285/180 dated 2nd September 2020 in which the Board of Management appointed you to the position of Head, Administration Services and the subsequent letter Ref. dated 12th October 2020. Further reference is made to your appeal letter dated 12th October 2020.

In realignment to the approved structure and on the advice of State Corporation Advisory Committee vide letter reference OP/SCAC.9/60 VOL.11 and legal opinion referenced HF/LD/23 VOL V (10), I am glad to inform you of Management's decision to reinstate your appointment as Head, Administration Services with immediate effect.

You are required to take up the new roles and responsibility with immediate effect for business continuity and effective service delivery in the Department.

I believe, this appointment affords you the opportunity to affirm Managements' confidence in you to contribute positively towards the Vision of the Fund to be a world-class social health insurer.

Yours Sincerely,


DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER



National Hospital Insurance Fund, Ragati Road P.O. Box 30443 - 00100 Nairobi, Kenya
Tel: (020) - 2723255/6, 2723246, 2714793/4 Fax: 2714895 E-mail: info@nhif.or.ke Website: www.nhif.or.ke



HF/HR/1216/VOLL II/3

30th April 2021

Mr. Stanley Wambugu Kariuki

RE: REINSTATEMENT OF APPOINTMENT

Reference is made to the letter Ref. HF/HR/1216/VOLLII/2 dated 2nd September 2020 in which the Board of Management appointed you to the position of Head, Beneficiary Management and the subsequent letter Ref. dated 12th October 2020. Further reference is made to your appeal letter dated 12th October 2020.

In realignment to the approved structure and on the advice of State Corporation Advisory Committee vide letter reference OP/SCAC.9/60 VOL.11 and legal opinion referenced HF/LD/23 VOL V (10), I am glad to inform you of Management's decision to reinstate your appointment as Head, Beneficiary Management with immediate effect.

You are required to take up the new roles and responsibility with immediate effect for business continuity and effective service delivery in the Department.

I believe, this appointment affords you the opportunity to affirm Managements' confidence in you to contribute positively towards the Vision of the Fund to be a world-class social health insurer.

Yours Sincerely,



DR. PETER KAMUNYO
CHIEF EXECUTIVE OFFICER



KA-13

INTERNAL MEMO

To: The Chief Executive Officer
From: Senior Assistant Manager – HR
Date: 7th June 2021
Ref: HF/C/A '806 VOL IV/81
Subject: APPEAL AGAINST REINSTATEMENT OF RESCINDED APPOINTMENTS

Reference is made to the reinstatement of rescinded appointments of some of the members supporting the Adhoc Committee of the Board of Management dated 30th April 2021 and effected within the May 2021 payroll.

The HR department is the face of the organization and a key implementer of the ongoing NHIF reforms for the attainment of Universal Health Coverage (UHC). It is therefore imperative that ALL Management Appointments especially those within the HR department reflect the provisions of the State Corporations Advisory Committee (SCAC) approved HR policy instruments such as the approved organizational structure, Staff grading and establishment, Career guidelines, HR policy and procedures manual.

The May 2021 appointments made within the HR department were as follows:

No	Name	PF No	Substantive position	HR Department Appointments
1	Rosemary Gachemi	2137	HR Officer I	Manager Human Capital Management
2	Joseph Tonui	1285	Manager Training and Planning	Head, Administration Services
3	Julius Mwanzia	0911	SAM-HR	Acting Manager HR Operations

1. The substantive appointment of Ms. Rosemary Gachemi from **HR Officer I** to Manager Human Capital Management is a glaring irregularity within the HR profession creating supersession of applicants shortlisted for the position due to postponed interviews.
2. The appointment of Mr. Joseph Tonui as Head, Administrative Services did not consider the SCAC approved Career Progression Guidelines (CPG) which requires possession of a Masters degree.
3. The appointment of Mr. Julius Mwanzia did not consider the absence of any HR qualifications and a bachelor's degree that has in file record an issue of unrecognized institution.

Way forward/ HR Provisions

1. The decision to rescind the substantive appointments be upheld. Due process be followed in all public service appointments with the exception of common cadre positions.
2. Acting Appointments be reviewed to ensure seniority and qualifications are considered.
3. The Board of Management is requested to fast track the filling of Management positions through competitive placements.
4. It is recommended that the position of Heads of department within the Fund be made contractual appointments to sanitize the management team, prevent inbreeding and allow for the flow of creativity and new ideas within the Fund.

HR RISK

- The above action is to prevent the risk of preventable audit queries from both Internal and External Auditors as a result of non-alignment with the HR Policy instruments.
- To prevent loss of trust by staff in the HR department during the reform process.



The following can be used as reference points for decision making on staff recruitment:

Public Service Commission - HR Policies and Procedures Manual for the Public Service (May, 2016) which provides that "All Public Service appointments be based on fair competition and merit, representation of Kenya's diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities".

SCAC Guidelines on the Terms and Conditions of Service for State Corporations 2004.

Paragraph 11 provides that each state corporation to ensure that the Organizational Structure is manned by staff with relevant skills and experience, recruitment should be competitive when filling ANY management position whether internally or externally.

By Copy of this memo;

The Board of Management is notified of this anomaly to prevent creation of precedence already replicated across the vacant Management positions and those substantively filled without following due process.

The State Corporations Advisory Committee (SCAC) is required to clarify the content of its communication vide letter Ref OP/SCAC.9/60 Vol 11 that led to the reinstatement of rescinded appointments. (Copies of appointment letters attached herewith for ease of reference).

The Legal Department is required to clarify the content of its communication vide letter Ref HF/LD/23 Vol V (10) that led to the reinstatement of rescinded appointments. (Copies of appointment letters attached herewith for ease of reference).



KHADIJA ALI

SENIOR ASSISTANT MANAGER – HR

Copy to: Chairman, Board of Management
Chair, HR Committee of the Board
State Corporations Advisory Committee (SCAC)
The Legal Department
Ag. Director, Internal Audit Department
Ethics and Integrity Office



EXECUTIVE OFFICE OF THE PRESIDENT
STATE CORPORATIONS ADVISORY COMMITTEE

Telephone: +254 2227411
When replying please quote

OFFICE OF THE SECRETARY
KICC, 9TH FLOOR
P.O. Box 42145 – 00100
NAIROBI, KENYA

Ref. No. **OP/SCAC/9/60**

11th June, 2021

Khadija Ali
Senior Assistant Manager -HR
National Hospital Insurance Fund
NAIROBI

**RE: APPEAL AGAINST REINSTATEMENT OF RESCINDED
APPOINTMENT**

We acknowledge receipt of your letter dated 7th June, 2021, under Ref: No. HF/C/A` 806 VOL IV/81 with regard to the above subject matter and confirm that the same is receiving immediate attention.


Wanjiku Wakogi
SECRETARY



NATIONAL HEALTH INSURANCE FUND

INVESTIGATION REPORT ON AMAL HOSPITAL LIMITED CODE 800014614

AUGUST 2023

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1.0 Executive Summary

Amal Hospital Limited engaged in fraudulent practices by altering and falsifying information in collusion with members and defrauded the Board benefits to a tune to a tune of Kshs.11,063,000 out Kshs.11,453,000 of claims sampled, translating to 96.6% fraudulent payments. Interpolating to total claims paid, the Fund may have lost Kshs. 33,473,542 to the facility.

Eastleigh Branch failed to carry out due diligence while processing claims occasioning loss of funds.

2.0 Introduction

Amal Hospital Limited was gazetted in December 2021 vide legal notice No.234. During accreditation, they had been licensed by KMPDC as a hospital level 4. The Hospital is situated in plot No. Eastleigh section 3. Hospital directors as per CR 12 are Abdihakim Guhad Gabow of postal address 35205 GPO Nairobi and Hassan Ronow Sheikh of postal address 35205 GPO Nairobi. They were contracted to offer services from 1st July 2022 with bed capacity of 40 and rebate of Kshs.3,000.

From July 1st, 2022, to June 2023, the Hospital submitted a total of 504 claims. Out of these claims ,267 have been paid totaling Kshs.**34,651,700**, while 237 claims worth Kshs.**32,248,500** are in payment process.

Out of paid claims ,5 claims worth Kshs.156,500 (0.5%) related to enhanced schemes (case code 30) and 262 claims (99.5%) were major surgeries (Case code 07) totaling to Kshs.34,495,200.

Major surgical procedures requested by the hospital included, Open reduction and internal fixation (ORIF) that was the majority with 189 cases (37.2%), removal of renal calculus 65 cases (12.8%) and the rest 254 (50%) other surgical procedures.

2.1 Background of the Case

On 4th May 2023, Ag. Chief Executive Officer vide memo Ref: HF/HF/HQ/ADM/73/VOL.1/ (3) appointed a team comprising of four Internal Auditors, two benefits Design Officers, two Legal Officers and three Quality Assurance Officers to investigate fraud by Beirut Pharmacy and Medical Centre Code 80008904 and Amal Hospital Code 800014614 following an earlier investigation that led to suspension of all transactions and claims payments to the two healthcare providers.

3.0 Terms of Reference

- a) Investigate the claims raised by the HCP since July 2021 to date.
- b) Quantify the fraudulent claims during the period and make recommendations.
- c) Make phone surveillance calls and verify claims/medical records.

3.1 Methodology

The investigation exercise involved data modelling and mining techniques on claims paid patterns, review of system records i.e surgical preauthorization forms (NHIF 8D), Radiology reports, e-claim documents, Health Care Provider, and medical records. It also involved review of employer records, telephonic outreach and face-to-face interviews with beneficiaries.

3.2 Guiding Materials

NHIF Act number 9 of 1998 (revised in January 2022), Hospital contract, Benefits administration, and claims management guidelines Manual, claims and benefits 2016 and memos.

4.0 Objective

Investigate the claims raised by Amal Hospital Code 800014614 since 1st July 2022 30th June 2023, quantifying fraudulent claims during the period and make phone surveillance calls and verify claims/medical records.

4.1 Criteria

Clause 16 of 2022-2024 contract requires that the Health Care Provider or its agent shall not, in the performance of the Health Care provider's obligations under this agreement, engage in any corrupt practice of fraudulent practice including but not limited to the following: -

- 16.1.1 intentionally use a higher paying code on the claim for a beneficiary to fraudulently reflect the use of more expensive procedure, devices or medicine than was actually used or was necessary.
- 16.1.8 altering or falsifying information with intent to defraud the Board or to obtain a benefit that is not entitled to.

Clause 2.8.2 of 2022-2024 contract requires health care provider to exercise diligence in verification of a person claiming services and shall require the person to produce their identification documents or biometric to enable the health care provider to ascertain whether the person is a beneficiary.

Clause 2.10.7 stipulates that during the term, the Board or its authorized representative shall have the right, at all reasonable times, to inspect, review and make copies of beneficiary's medical records held by the Health Care Provider to determine compliance with the provision of this agreement.

Clause 2.18.2.2 where the Board requests medical reports or other information, Health Care Provider shall avail medical reports and other requested information within seven (7) days of receipt of the request from the Board.

Clause 2.3.2.3.5.1 of Benefit administration and claims management guidelines Manual 2016, requires that quality assurance officer MUST conduct surveillance for all surgical patients post operatively at least once before they are discharged.

On 1st December 2022, Head Provider Management communicated via email to Regional Managers, Branch Managers and Quality Assurance Officers on creation of a surgical "bin" where all approvals for case code 06, 07 and 15 can be deposited on e-claim module as an additional control so that Quality Assurances Officers can confirm surgeries before a claim is processed. Similarly, on 2nd December 2022 communication was done requesting that, going forward, all healthcare providers submit a weekly theatre listing for review during surveillance and anything contrary to that list should be emergency cases only. This was aimed at strengthening surveillance and confirmation of surgical cases.

4.2 Finding /Observations.

Amal Hospital Limited has a contract for 2022-2024 cycle and provides for the following services:

- a) **Outpatient Care package**-The beneficiaries shall be the beneficiaries in the national and managed scheme. The board undertook to pay outpatient services for national scheme and enhanced scheme members at Ksh.1,400 and 2,850 annually per beneficiary respectively. Fixed Fee For Service of Kshs. 2,000 for National Police Service and the Kenya Prisons Service and Kshs.1,500 Edu Afya scheme per treatment episode for all accessed services by the respective beneficiaries.
- b) **Linda Mama package**-Beneficiaries are eligible for Kshs.6,000 normal delivery, Kshs.17,000 C-Section deliveries, antenatal care Kshs.2,500(1st visit at Kshs.1,000, 3 subsequent visits at Kshs.500 each) and postnatal care for four visits at Kshs. 250 per visit.
- c) **Dental package**-All accessed and utilized dental services shall be reimbursed as guided by fee schedule.

- d) **Optical and ophthalmic package**- All optical and ophthalmic services shall be reimbursed as guided by fee schedule.
- e) **In-Patient package**- Beneficiaries of the National scheme and Linda Mama be reimbursed at rebate of Kshs.3,000 per day of admission.
- f) **Maternity Package**- Reimbursement at Kshs.10,000 for normal deliveries and Kshs.30,000 for caesarian sections.
- g) **Surgical Benefit Package**-The beneficiaries are national and enhanced scheme members that were to be reimbursed as guided by surgical benefit package fee for each surgery.
- h) **Dialysis benefit Package** - to be reimbursed at Kshs.9,500 per session and a maximum of two sessions in a week.

Analysis of claims paid to Amal Hospital Limited revealed that: -

- ❖ Review of system records revealed benefits access and utilization patterns where the facility lodged surgical preauthorization requests for big number of employees of same employers.

Highest beneficiaries per employer on surgical procedures were Self-employed 56, Ministry of State for Youth Affairs 23, Kenya Kazi Services Ltd 12, Africa Apparels EPZ Ltd 12, Ministry of Home Affairs-Prison Department 11, Bob Morgan Services Ltd 8, Machakos County 8, Office of the President-Police 7, Securex Agencies (K) Limited 7, Sekura International Ltd 6, Office of the President-Administration 6, Hatari Guards 6 respectively as shown in above table.

No	Employer	No. Beneficiaries/ Employer	Claim Amount (Kshs)
1	Self-Employed	56	7,918,000
2	Ministry of State for Youth Affairs	23	2,724,500

3	Kenya Kazi Services Ltd	12	1,560,000
4	Africa Apparels EPZ Ltd	12	1,560,000
5	Ministry of Home Affairs-Prison Department	11	1,190,000
6	Bob Morgan Services Ltd	8	1,060,000
7	Machakos County	8	1,145,000
8	Office of the President-Police	7	650,000
9	Securex Agencies (K) Limited	7	910,000
10	Sekura International Ltd	6	898,000
11	Office of the President- Administration	6	610,000
12	Hatari Guards	6	830,000
13	Gelx Industries Ltd	6	810,000
14	Nairobi City County	5	690,000
15	C & P Shoe Industries Ltd	5	680,000
16	PG Security Ltd	5	640,000
17	UHC Scheme	5	760,000
18	Volt Management Services Ltd	4	450,000
19	Ministry of Health	4	580,000
20	Akshar International Ltd	4	550,000
21	Suman Shakti EPZ Ltd	3	390,000
22	Lavington Security Guards Ltd	3	410,000
23	Brisk International Ltd	3	350,000
24	Mother & Child Hospital Ltd	3	510,000
25	Kakuzi Ltd-Makuyu	3	410,000
26	SGA Kenya Ltd	2	240,000
27	Wells Fargo Ltd	2	360,000
28	G4S Security Services Kenya Ltd	2	300,000
29	Radar Ltd	2	260,000
30	Dannrry Logistics Ltd	2	260,000

31	Department of Defence	2	310,000
32	Pharmaccess Sponsorship	2	310,000
33	Style Industries Ltd	2	260,000
34	Dodhia Packaging Kenya Ltd	1	120,000
35	DPL Festive Industries Ltd	1	120,000
36	Samasouce Kenya Ltd	1	130,000
37	The County Government of Wajir	1	110,000
38	Topline Marketing Ltd	1	150,000
39	Tsebo Facilities Solutions Kenya Ltd	1	130,000
40	217 Other Employers	271	36,540,500
		508	67,860,000

Benefits access and utilization patterns informed on the choice of the sample. The team prioritized conducting a direct interview with twenty (20) employers who had the most beneficiary visiting the facility for purposes of obtaining records.

The team performed the following tests: -

- Verification of admission period of the employee/member against employer's attendance records.
- Direct interview with the members to obtain information on access to benefits.
- Review of means through which the members were identified, and claims notified.
- Verification of admissions against surveillance records at Eastleigh Branch office.

The following are the key findings from employers visited, details of member of on E-claim encounter form and responses from members on access to benefits: -

1) SECUREX AGENCIES (K) LIMITED.

Seven (7) employees of this employer had sought surgical services at Amal Hospital Ltd according to NHIF claims records to a tune of Kshs.910,000. The team established the following.

- i. E-claim encounter form revealed that, all the seven (7) members were identified biometrically on entry and on exit. This is a confirmation that the members were involved in the process.
- ii. Attendance registers obtained from the employer revealed that all the 7 beneficiaries/members were at work the entire period of admission.
- iii. Information obtained from individual members is as follows: -
 - ❖ Four (4) members stated that they visited Amal Hospital for outpatient services.
 - ❖ One (1) Benjamin Musyoki of ID no. 23578785) stated that he was directed by one Mr. Sulei of telephone number 0729-023060 to Amal Hospital to fake treatment in exchange for Kshs.10,000.
 - ❖ Two (2) members were not available for interview.
- iv. Surveillance report availed by Eastleigh branch for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of the seven (7) beneficiaries, two (2) were recorded in surveillance report as being admitted contrary to the employer indicating that they were at work during the admission period. The other five (5) beneficiaries were not captured in the surveillance report. Out of seven (7) surgical claims lodged by the facility, six worth Kshs.810,000 processed and paid and one (1) of Kshs.100,000 was in payment process.

A detailed report of the sampled members, employer records and members sampled statements are attached in *Annex I A, B & C*.

Audit Opinion

1. Based on the information gathered from employer records, interview with the beneficiaries and review of e-claim encounter form on biometric identification the team is of the opinion that, Amal Hospital Ltd colluded with seven (7) members who were confirmed to be at work during the entire period of admission as supported by employers' attendance registers and lodged fictitious surgical claims occasioning irregular payment of Kshs.810,000 and Kshs.100,000 that was in payment process.
2. Branch Manager and Quality Assurance officers at the Eastleigh branch failed to observe due diligence in processing claims and as a result the facility lodged fictitious surgical claims leading to loss of Kshs.810,000.

2) SEKURA INTERNATIONAL LIMITED

Six (6) employees of Sekura International Ltd sought surgical services at Amal Hospital Ltd according to NHIF system records totalling to Kshs.898,000. Audit team established the following: -

- i. Encounter form on e-claim system revealed that, all six (6) members were identified biometrically on entry and on exit confirming that members were involved in the process.
- ii. Four (4) beneficiaries were confirmed by the employer to be at work on the entire period of admission as per the attendance register and the other two (2) were not confirmed by the employer.
- iii. Interview with members revealed that: -

- ❖ One (1) stated had never been treated at Amal Hospital Ltd
 - ❖ One (1) stated that he has never been to Amal Hospital Ltd.
 - ❖ One (1) stated that he received an outpatient service and was not admitted, nor surgery was done.
 - ❖ Three (3) members were not available for the interview.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of the six (6) members, two (2) were recorded in surveillance as admitted contrary to the employer indicating that they were at work during the admission period. Four (4) were not in the surveillance report. Six surgical claims were lodged worth Kshs.898,000 processed and paid by the branch.

A detailed analysis of the sampled members, employer records and member statements are attached in *Annex 2 A, B & C*.

Audit Opinion.

1. From the audit findings the team is of the opinion that Amal Hospital Ltd colluded with four (4) members who were confirmed to be at work the entire period of admission and two (2) others and lodged fictitious surgical claims leading to irregular payment of Kshs.898,000.
2. Branch Manager and Quality Assurance officers Eastleigh branch did not observe due diligence in surveillance and processed claims for members not admitted in hospitals and as a result Amal Hospital Ltd lodged fictitious surgical claims that led to loss Kshs.898,000.

3) KENYA KAZI SERVICES LTD.

System records indicated that 12 employees of Kenya Kazi Services Ltd accessed surgical services at Amal Hospital Ltd totalling Kshs.1,560,000. The following were observed by the audit team: -

- i. Encounter form on e-claim system revealed that, all the twelve (12) members were identified biometrically on both entry and exit. This confirms that members were involved in the process.
- ii. Ten (10) members were confirmed by the employer to be at work the entire admission period as per the attendance register one (1) was on sick off and no records were availed by the employer for the remaining (1) member.
- iii. The twelve (12) members were not available for interview.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of the twelve (12) members, seven (7) were recorded in surveillance report as admitted contrary to the employer confirming that they were at work the period they were purportedly admitted. The rest five (5) were not in the surveillance report. Five (5) surgical claims for these members worth Kshs.650,000 were processed and paid and another seven (7) totalling Kshs.910,000 was in payment process.

A detailed analysis of the sampled members and employer records are attached in *Annex 3 A & B*

Audit Opinion

1. From the audit findings above the team is of the opinion Amal Hospital Ltd colluded with ten (10) members who were confirmed to be at work and lodged fictitious

surgical claims occasioning irregular payment of Kshs.650,000 and another Kshs.910,000 in payment process.

2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance and processed claims for members not admitted in hospitals and as a result occasioning irregular payment of Kshs.650,000.

4) HATARI GUARDS

System records indicate that 6 employees of Hatari Guards sought surgical services at Amal Hospital Ltd totaling Kshs.830,000. The audit team established the following: -

- i. E-claim encounter form revealed that, all six (6) members were identified biometrically on entry and on exit confirming that the members were involved in the process.
- ii. All the six (6) members were confirmed by the employer to be at work the entire period of admission as per the attendance register.
- iii. Responses obtained from the individual members revealed the following.
 - ❖ One (1) member (Julius Kiprotich of ID no. 24826043 stated that he was admitted at Amal Hospital Ltd, but no surgery was done. This contradicts information obtained from the employer that he was at work on 23rd & 24th March 2023,
 - ❖ One (1) other member (Ezekiel Kipkemoi of ID no. 20021440) confessed that he was referred to Amal Hospital to cash his NHIF card.
 - ❖ Four (4) members were not available for interview.

- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of the six (6) members, three (3) members were recorded in surveillance report contrary to the employer indicating they were at work during the admission period and the rest three (3) were not captured in the report.
One (1) claim for Kshs.180,000 was processed and paid and the remaining 5 claims worth Kshs.650,000 was in process.

A detailed report on the sampled members, employer records and employee statements is attached in *Annex 4 A, B & C*.

Audit Opinion

1. The findings indicated that there was collusion between Amal Hospital Ltd and six (6) members who were confirmed to be at work to lodge fictitious surgical claims occasioning irregular payment of Kshs.180,000 and another Kshs.650,000 that was in the payment process.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance and processed claims for members not admitted in hospitals and as a result occasioning irregular payment of Kshs.180,000.

5) WELLS FARGO LTD

System records indicate that 2 employees of Wells Fargo Ltd obtained surgical services from Amal Hospital Ltd worth Kshs.360,000. Audit team established the following: -

- i. Encounter form on e-claim system revealed that, the two (2) members were identified biometrically on entry and on exit confirming that they were involved in the process.

- ii. The two (2) members were confirmed to be at work during the entire admission period as per the employer attendance.
- iii. The two (2) members were not available for interview.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, the two (2) members were recorded in surveillance report contrary to employer indicating they were at work the entire admission period. The facility lodged surgical claims for the two (2) members that were processed paid Kshs.360,000.

A detailed analysis of the sampled members, employer records and member statements are attached in *Annex 5 A & B*.

Audit Opinion

1. From the findings, Amal Hospital Ltd colluded with the two (2) members who were confirmed to be at work when they were purported to be admitted occasioning irregular payment of Kshs.360,000.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance.

6) AFRICA APPARELS (EPZ) LTD

12 employees of Africa Apparels (EPZ) Ltd sought surgical services at Amal Hospital Ltd claims totalling Kshs.1,560,000 paid according to NHIF system records. Audit findings revealed the following: -

- i. Encounter form on e-claim system revealed that, all the twelve (12) members were identified biometrically on admission and on discharge confirming members involvement in the process.
- ii. Three (3) members were confirmed to be at work during admission period. The employer also confirmed that, nine (9) ceased being their employees on 5th January 2023. System records indicated that in the month of February 2023, the nine (9) accessed surgical benefits at Amal Hospital Ltd.
- iii. Two (2) out of the 3 employees indicated that they have never been treated at Amal Hospital Ltd and one said she was treated as outpatient.
- iv. Telephonic interview with the members revealed as follows: -
 - ❖ One (1) member i.e. 0947880 went for outpatient services at Amal Hospital Ltd
 - ❖ Two (2) members were reluctant to respond on their card utilization at Amal Hospital.
 - ❖ One (1) member (Catherine Wavinya of ID no. 22628998) stated that she was referred to Amal Hospital by a colleague by name Eunice Mbithi to cash her NHIF card and was given Kshs.7,000 by the facility.
 - ❖ Two (2) members had no registered mobile numbers in NHIF database.
 - ❖ Three (3) members were not reachable on their mobile numbers.
 - ❖ One (1) member indicated that she was admitted with back pain and no surgery was done.
- v. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out the twelve (12) members, four (4) members were recorded in surveillance report and the employer had indicated that they ceased being their employee at the time of admission. The other eight (8) were not in surveillance report. The facility lodged twelve (12) surgical claims ,11

valued at Kshs.1,450,000 were processed and paid and 1 claim was in payment process Kshs.110,000

A detailed analysis of the sampled members, employer records and members statements are attached in *Annex 6 A, B & C*.

Audit Opinion.

1. From the information gathered by the audit team, Amal Hospital Ltd colluded with six (6) members who were confirmed to be at work and from the responses obtained from interview and lodged fictitious surgical claims occasioning irregular payment of Kshs.760,000.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance and processed claims for members not admitted in hospitals occasioning loss to the Fund.

7) LAVINGTON SECURITY LTD

Lavington Security Ltd had 3 employees who sought surgical services at Amal Hospital Ltd according to NHIF system records and Kshs.410,000 was paid. Information obtained by the audit team revealed the following: -

- i. Encounter form on e-claim system revealed that, the three (3) members were identified biometrically on entry and on exit confirming that the members were involved in the process.
- ii. All the three (3) members were confirmed by employer to be at work during entire admission period.

- iii. Two (2) of the members stated that they went for outpatient services and one (1) stated he was admitted for 3 days, and no surgery was done at Amal Hospital Ltd.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of the three (3), two (2) were recorded in surveillance report contradicting employer records which indicated that the employees were at work during entire admission period. The other one (1) was not in surveillance report. The facility lodged three (3) surgical claims totalling Kshs.410,000 that was in payment process.

A detailed analysis of the members sampled, employer records and member statements are attached in *Annex 7 A, B & C*.

Audit Opinion

1. On the basis of information obtained from the employer and the members it is evident that Amal Hospital Ltd colluded with three (3) members and lodged fictitious surgical claims that could have occasioned loss of Kshs. 410,000 to the Fund.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance.

8) BOB MORGAN SERVICES LTD

Eight (8) employees of Bob Morgan Services Ltd sought surgical services at Amal Hospital Limited according to NHIF claims record and claims worth Kshs.1,060,000 paid. It was established that: -

- i. Encounter form on e-claim system revealed that, all eight (8) members were identified biometrically on entry and on exit. These confirmed members involvement in the process.
- ii. The eight (8) members had no sick off filed in their respective file, indicating they were at work during the admission period as confirmed by the employer.
- iii. Two (2) members stated that they went for outpatient services at Amal Hospital Ltd, one (1) stated that he was admitted for 1 day, one (1) indicated a minor procedure was done at Amal Hospital as outpatient and four (4) were not available for interview.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of eight (8) members, four (4) were recorded in surveillance report contrary to employer indicating that there was no sick off filed by the employee to confirm admission. The other four (4) were not in surveillance report. The facility lodged eight (8) surgical claims where 4 claims was paid totalling Kshs.440,000 and 4 claims worth Kshs.610,000 was in payment process.

A detailed analysis of the sampled members, employer records and member statements are attached in *Annex 8 A,B & C*.

Audit Opinion

1. There was collusion between Amal Hospital Ltd colluded and eight (8) employees of Bob Morgan Services Ltd where fictitious surgical claims were lodged leading to loss of Kshs. 440,000 and another Kshs.610,000 in payment process.

2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance and processed claims for members not admitted in hospitals occasioning loss to the Fund.

9) G4S SECURITY SERVICES KENYA LTD

Two (2) employees of above company sought surgical services at Amal Hospital Ltd. Information obtained by the audit team revealed that: -

- i. Encounter form on e-claim system shows that, the two (2) members were identified biometrically on entry and on exit, confirming they were involved in the process.
- ii. The two (2) were confirmed to be at work the entire admission period.
- iii. The two (2) members were not available for interview.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of two (2) members, one (1) was recorded in surveillance report contrary to employer indicating that the employee was at work during entire admission period. The other one (1) was not in surveillance report. The facility lodged two (2) claims surgical claims that was processed and paid worth Kshs.300,000.

Detailed analysis of the sampled members and employer records are attached in **Annex 9 A & B.**

Audit Opinion

1. On the basis of information obtained, Amal Hospital Ltd colluded with the two (2) employees to defraud NHIF by lodging fictitious surgical claims occasioning loss of Kshs. 300,000.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance.

10) RADAR LTD

Two (2) employees of Radar Security sought services at Amal Hospital Ltd worth Kshs.260,000. Audit team established the following: -

- i. Encounter form on e-claim system revealed that, the two (2) members were identified biometrically on entry and on exit confirming they were involved in the process.
- ii. The two (2) members had no sick off filed with the employer confirming they were at work during admission period.
- iii. One (1) member stated that he was admitted at Amal Hospital Ltd, but no surgery was done. The other was not available for interview.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, none of the member was captured in the surveillance report. However, two (2) surgical claims were processed and paid worth Kshs.260,000.

Detailed analysis of the sampled members, employer records and member statements are attached in *Annex 10 A, B & C*.

Audit Opinion

1. Based on the above findings, Amal Hospital Ltd colluded with the two (2) members and lodged fictitious surgical claims occasioning loss of Kshs. 260,000 to the Fund.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance.

11) DANNRRY LOGISTICS LTD

Dannrry Logistics Ltd had 2 employees whose claims worth Kshs.260,000 were lodged by Amal Hospital Ltd. Audit findings revealed the following: -

- i. Encounter form on e-claim system revealed that, the two (2) members were identified biometrically on entry and on exit. This was a confirmation that the members were involved in the process.
- ii. There was no record by employer to confirm the two (2) members whereabouts during the period of admission. The two employees were not available for interview.
- iii. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that the two (2) members were recorded in surveillance report. Two claims were lodged by the facility worth Kshs.260,000 that are in payment process.

Detailed analysis of the sampled members and employer records are attached in Annex 11 A & B.

Audit Opinion.

- The team could not authenticate two (2) claims worth Kshs.260,000 lodged and paid to Amal Hospital Ltd due to limitation of information.

12) C & P SHOE INDUSTRIES LTD

Five (5) employees of the company sought surgical services at Amal Hospital Ltd worth Kshs.680,000 as per NHIF claims records. Audit observed as follows: -

- i. Encounter form on e-claim system revealed that, all the five (5) members were identified biometrically on entry and exit, confirming that they were involved in the process.
- ii. The employer confirmed that, all the five (5) members were at work the entire admission period.
- iii. Interview with the members revealed that: -
 - ❖ One (1) member denied any admission at Amal Hospital Ltd,
 - ❖ One (1) stated that his father used his card at Amal Hospital,
 - ❖ One (1) said he was admitted with stomach issue and no surgery was done at Amal Hospital.
 - ❖ Two (2) members were not available for interview.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of five (5) members, three (3) were recorded in surveillance report contrary to the employer indicating they were at work during the admission period. Two (2) did not appear in the surveillance report. The facility submitted five (5) surgical claims and 3 were paid totalling Kshs.370,000 and 2 claims Kshs.310,000 were in payment process.

Analysis schedule of the sampled members, employer records and member statements are attached in *Annex 12 A, B & C*.

Audit Opinion

1. Amal Hospital Ltd colluded with five (5) members based on the information obtained and lodged fictitious surgical claims occasioning loss of Kshs.370,000 to the Fund and another Kshs.310,000 that was stopped in payment process.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance and processed claims for members not admitted in hospitals occasioning loss to the Fund.

13) MACHAKOS COUNTY GOVERNMENT

County Government of Machakos had 8 beneficiaries who sought surgical services from Amal Hospital Ltd to a tune of Kshs.1,145,000. The audit team established the following: -

- i. Encounter form on e-claim system revealed that, all the eight (8) members were identified biometrically on entry and exit. This confirmed that the members were involved in the process.
- ii. Five (5) members were confirmed to be at work during admission period. Two (2) were away from work on the admission period and one had the spouse seeking services.
- iii. The eight (8) members were interviewed, and the team revealed the following:
 - ❖ Four (4) members stated that they were admitted at Amal Hospital Ltd but no surgery was done, one (1) said that he was admitted and surgery done contrary to employer who indicated he was at work, one (1) indicated he was not admitted and no surgery was done, one (1) indicated he felt sick while at Eastleigh and was taken to Amal Hospital Ltd and cannot remember what happened, this was contrary to employer

indicating he was at work and the last one (1) said the spouse was admitted but was not sure whether surgery was done.

- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of the eight (8) members, three (3) members were recorded in surveillance report where two (2) had been confirmed to be at work while one (1) was officially away from work. Five (5) members did not appear in the surveillance report. However, the facility lodged eight surgical claims, 7 claims paid worth Kshs.1,015,000 and 1 claim of Kshs.130,000 was in payment process.

Detailed analysis of the sampled members, employer records and member statements are attached in *Annex 13 A, B & C*.

Audit Opinion

1. Amal Hospital Ltd colluded with eight (8) beneficiaries and lodged fictitious surgical claims leading to a loss of Kshs.1,025,000 and another Kshs.130,000 that was stopped in the payment process.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance and processed claims for members not admitted in hospitals occasioning loss to the Fund.

14) VOLT MANAGEMENT LTD

Four (4) employees of Volt Management Ltd sought services at Amal Hospital Ltd according to NHIF records and claims worth kshs.450,000 paid. The audit team established the following: -

- i. Encounter form on e-claim system revealed that, the four (4) members were identified biometrically on entry and exit, confirming that they were involved in the process.
- ii. All the four (4) members were confirmed to be at work during entire admission period.
- iii. Interview with the four (4) members revealed that: -
 - ❖ One (1) indicated that, he was admitted for 3 days a surgery was done which was contrary to records with employer indicating they were at work.
 - ❖ One (1) stated he went for outpatient treatment.
 - ❖ Two (2) members were not available for interview; however, the employer had confirmed they were at work during the admission period at Amal Hospital.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of the four (4) members, none appeared in the surveillance report. The facility lodged four (4) surgical claims that were processed and paid totalling Kshs.450,000.

Detailed analysis of the sampled members, employer records and member statements are attached in *Annex 14 A, B & C*.

Audit Opinion

1. Amal Hospital Ltd colluded with four (4) members and lodged fictitious surgical claims occasioning loss of Kshs.450,000 to the Fund.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance and processed claims for members not admitted in hospitals occasioning loss to the Fund.

15) PG SECURITY LTD

5 employees of PG Security Ltd sought services at Amal Hospital Ltd and claims of Kshs.640,000 paid. Audit findings established as follows: -

- i. Encounter form on e-claim system revealed that, all the five (5) members were identified biometrically on entry and on exit. This was a confirmation that the members were involved in the process.
- ii. Four (4) members were confirmed to be at work during entire admission period and one (1) was on leave during admission period.
- iii. The five (5) members were not available for interview.
- iv. Surveillance report for Amal Hospital Limited for the period 16th December 2022 to 28th April 2023 showed that, out of the five (5) members, two (2) were captured in the surveillance report contrary to employer record indicating the employees were at work during the admission period. Other three (3) were not in surveillance report. The facility lodged five (5) surgical claims and four (4) were processed and paid worth Kshs.460,000 and one claim of Kshs.180,000 was in payment process.

Detailed analysis of the members sampled employer records and member statements are attached in *Annex 15 A, B & C*.

Audit Opinion

1. Amal Hospital Ltd colluded with four (4) members and lodged fictitious surgical claims occasioning loss of Kshs.460,000 and another Kshs.180,000 that could have been lost.
2. Branch Manager and Quality Assurance officers, Eastleigh branch did not observe due diligence in surveillance.

16) TSEBO FACILITIES SOLUTIONS KENYA LTD

One (1) employee of Tsebo Facilities Solution Kenya Ltd sought services at Amal Hospital Ltd and a claim of Kshs.130,000 paid.

The audit team confirmed that: -

- i. The member was identified biometrically on entry and on exit, confirming involvement in the process.
- ii. Employer confirmed that the member was away for medical reasons during admission period and that a sick off for 21 days was issued by Amal Hospital Ltd.

Detailed analysis of the members sampled employer records and member statements are attached in *Annex 16 A, B & C*.

5.0 Limitation of the Investigation

5.1 Pre-authorization documents

Internal Audit vide memo Ref: HF/HQ/REP/13/35 VOL.III/35 dated 10th May 2023 and HF/HQ/REP/13/35 VOL III/38 dated 17th May 2023 requested Ag. Director ICT to provide 498 pre-authorization documents that had been used by Amal Hospital Ltd to request approval for surgeries performed at the facility. *Annex 17 A & B*.

On 7th June 2023, ICT wrote back and stated that they managed to retrieve twenty-two (22) documents out of the 498. *Annex 18*.

On 14th June 2023, Ag. Director ICT responded vide email, that they had retrieved all the documents that were available in the system. In addition, he pointed out that the NHIF ERP system was constrained with storage space and was not able to store these documents for a long period which was a stop gap measure to ensure service availability until the Board approved a budget for enhancement of the storage space.

5.2 Medical Records

On 6th June 2023 the Ag. Chief Executive Officer wrote to the hospital administrator via letter Ref: HF/C/1001/VOL.4/(86) requesting the Hospital to provide five hundred and four (504) medical records for NHIF patients who had obtained services for review in accordance with the contract. As at the date of this report the facility had not availed requested records instead, they sought a court order not to avail the records.

5.3. Employer not availing requested records.

On 30th May 2023, vide letter Ref: HF/HQ/ADM/62/9/VOL.XVII/90, Ag. Chief Executive Officer authorized the investigation team to visit employers and request for necessary records including attendance registers for purposes of verification of access to benefits in Amal Hospital Limited.

Audit team experienced challenges in obtaining information from four employers as shown below:

❖ Ministry of State for Youth Affairs

On 8th June 2023, a team from NHIF visited Ministry of State for Youth Affairs for purposes of verification of access to benefits by twenty-three (23) beneficiaries who according to system record were admitted at Amal Hospital Ltd.

On 29th June 2023, Ministry of Youth Affairs, The Arts and Sports State Department for Youth Affairs and The Arts wrote to the Chief Executive Officer NHIF vide letter Ref. MOYAS/SDYAA/2/13 and confirmed that the members indicated in the list provided do not appear in their payroll hence they are not their employees. They advised that NHIF should liaise with the State Department of Public Service who are

the administrators of the comprehensive civil servants cover for further assistance.

Annex 19.

❖ **Ministry of Health**

On 8th June 2023, NHIF team visited the Ministry of Health with a view to obtain records for purposes of verification of access to benefits by four (4) beneficiaries who according to NHIF record are its employees. The team was instructed to do a letter to Permanent Secretary for the information. Follow up is underway.

❖ **Nairobi City County**

On 9th June 2023, Chief Executive Officer wrote vide letter Ref. HF/HQ/ADM/62/9/VOL.XVII/90 to County Secretary Nairobi on notice of intended inspection and request for employee records for purposes of verification of access to benefits by five (5) beneficiaries who according to NHIF record are its employees. As at the date of this report the employer has not responded to the requested.

❖ **Suman Shakti (EPZ)Ltd**

On 9th June 2023, a team from NHIF visited Suman Shakti (EPZ) Ltd for purposes of verification of access to benefits by three (3) beneficiaries who according to NHIF record were their employees. This was in line with the Chief Executive letter Ref: HF/HQ/ADM/62/9/VOL.XVII/90 dated 30th May 2023.

The team held a meeting with Mr Sammy, Human Resource Manager who promised to avail requested records within a week time. Thereafter, the team made several follow up phone calls but as at the date of this report, the employer has not availed requested records, nor responded to letter by Ag. Chief Executive Officer.

- 5.4 Members without registered telephone numbers in NHIF database, telephone calls not going through and Lack of cooperation from beneficiaries.
- 5.5 Capacity and associated risk to investigate twenty-four (24) law enforcement officers who appeared to have obtained services at the hospital totaling Kshs.2,450,000
- 5.6 Time constraints to reach and interview fifty-six (56) self-employed members who accessed benefits at the facility amounting to Kshs.7,918,000

Risk Implication

- i. Inadequate surveillance by branch office allowed fictitious claims by the facility and led to loss of funds.
- ii. Weakness in E-claim system allows processing of claims for beneficiaries not biometrically exited and claims not confirmed through surveillance.
- iii. Inability of the preauthorization system to flag off high frequency of employees from same employers accessing specific packages occasioned loss of funds.
- iv. Inability by ICT system to archive preauthorization documents that are vital in accounting for claims payout exposes the Fund to loss as there's no recourse for reference and the Fund may not hold to account medical practitioners.
- v. Reputational loss to NHIF for failure to protect public funds.

Auditee response

Hospital Management

- The hospital filed commercial suit No. E274 OF 2023 in Court against the Fund and therefore the team did not engage them till the case is determined.

Branch Manager Eastleigh, Ms. Amran Mohamed

In her response received on 15th August 2023, the branch Manager responded that: -

- i. As a branch Manager she plays an indirect/supervisory role in overall claims processing and management and she does not have system rights in claims processing and is not involved in claims processing. She attached a quality procedure for claims processing issued on 31st January 2018.
She stated there were changes in claims processing with no systematic approach to minimize the risk and this could have made the pattern unnoticed, where facilities like Amal Hospital Ltd lodged surgical pre-authorization requests for big number of employees from same employer.
- ii. Further stated that in her supervisory role she regularly oversees the proper execution of the surveillance by ensuring that surveillance programs are in place. Surveillance is a delegated role to branch quality assurance officers and surveillance officers, and they file the report. She ensures that surveillance is strengthened by making surveillance a regular agenda discussed in claims committee at Branch level.
- iii. The Branch claim payment without supportive surveillance could be possible as they have few (two) surveillance officers against forty-seven active health care facilities and end up doing targeted surveillance at the branch level.

Quality Assurance Officer-Ms. Halima Roka.

In her response received on 15th August 2023, the Quality Assurance officer responded as follows: -

- i. When processing claims under E-claim platform, the encounter form does not show contributors employer instead it generalizes with scheme name & codes. She usually checks members' contribution are up to date. Claims are processed after verifying with surveillance report, in case surveillance was not done they do clinical audit of the patient medical reports and theatre lists. They only process claims with LOU approval and have patients biometrically verified.
- ii. Facilities cannot lodge surgical preauthorization requests without the patient being verified through biometric which implied patient was physically present. Also, once a facility lodges a preauthorization to NHIF members receive notification.
- iii. Case management division do verify surgical preauthorization requests before approval. Approval of LOU implies that the officer deem that the patient required the procedure having gone through the attached requisite documents.

Upon surgical preauthorization request approval, NHIF system sends notification alert to the attending doctor whose license number was used to request for the procedure.

- iv. Surveillance officers print admission notification from the system, go to the hospital for surveillance and confirm admission of the patient and use surveillance report to process claims.

For the attached claims, there was NO member/contributor or doctor who reported to Eastleigh NHIF office regarding notification alert they received from NHIF confirming fraudulence.

- v. The patient surveillance officer saw during surveillance is the right patient for the right approved procedure. The claims without surveillance report, after doing clinical audit we confirm all patient medical records tallies with patient biometric verified, implying the right approved procedure was done for the right patient.

That, after checking all the above, she had no reason NOT to approve surgical cases from bin and process.

- vi. In view of the above control measure and tight procedures it is difficult for there to be fraud, unless the principal member, the attending doctor and the facilities are involved.
- vii. Due to volume of work and limited time, she is not able to go check in between systems, other system (integrated) for the member employers. They are overwhelmed by the duty assigned due to shortage of personnel. She further gave a proposal to make Quality assurance officers perform their role better.

Quality Assurance Officer-Ms. Anab Yusuf Abdi.

In her response received on 15th August 2023, the Quality Assurance officer responded as follows: -

- i. As a quality Assurance officer her task entails receiving and paying claims adhering to approved contract rates. During the receiving stage of a claim in the E-claim system there is no system control where she is able to detect that claims from a facility are from the same employer.
- ii. Surgical claims from Amal Hospital Ltd were preauthorized and approved.

- iii. As a quality Assurance officer, she paid the claims and did not put in place necessary claims control measure to help curb fraud in the claim processing and payment which includes clinical audit confirmation from patient file at facility and phone calls surveillance program, surveillance report and theatre listing report.

Annexure 20 A, B & C of Auditees response attached.

6.0 Overall Observation

1. Amal Hospital Limited engaged in fraudulent practices by altering and falsifying information in collusion with members with intention to defraud the Board and obtained benefits to a tune of Kshs.8,063,000 and another Kshs.3,000,000 in payment process out Kshs.11,453,000 of claims sampled, translating to 96.6% fraudulent payments. Interpolation to total claims paid of Kshs.34,651,700 implies that the Fund may have lost Kshs.33,473,542 to the facility.

This is contrary to Section 25 of NHIF Act 9 of 1998 (revised January 2022) and clause 16.1 of Contract for the provision of healthcare services to beneficiaries of the National Health Insurance Fund.

2. In the organization structure, the Branch Office is headed by Branch Manager and will be responsible for the following functions: -
 - Ensure surveillance is undertaken to ensure quality service provision to contributors.
 - Ensure contract enforcement; Enforcement of compliance to the NHIF Act; Implementation of relevant policies, guidelines and strategies; Ensure proper database management of employers/contributors and claims among others.
3. Upon notification on admission /Discharge

Quality Assurance Officer carries out surveillance and updates in the system and receives and conducts clinical audit on the claims and if it fulfills the set standard will examine then transfer in the system and physically to accounts for further processing. If the claim does not meet the standards, it will either be returned to hospital, put under investigation, or rejected totally.

Clause 2.3.2.3.5.1 of Benefit administration and claims management guidelines Manual 2016, requires that quality assurance officer **MUST** conduct surveillance for all surgical patients post operatively at least once before they are discharged.

4. Eastleigh Branch failed to carry out due diligence while processing claims occasioning loss of Kshs.8,063,000 to the Fund.

7.0 Audit Recommendation

1. Director Beneficiary and Provider Management should immediately ensure responsibilities in claims processing is restructured to focus on surveillance at the hospital level. Focus should be on high-risk benefit packages, such as Surgical, Dialysis, Radiology, Dental, and Optical.

In addition, liaise with Director Corporate Services and through workload analysis deploy adequate officers to beef up surveillance to curb fraud, wastage and abuse in claims.

2. NHIF Board should suspend Amal Hospital Limited for raising fraudulent claims and failure to produce medical records. This is in line with section 25 of NHIF Act 9 of 1998 (revised January 2022), clause 16.2 and clause 16.6.1 of the contract for the provision of healthcare services to Beneficiaries of the National Health Insurance Fund.

The facility should pay back Kshs.8,063,000 being amount paid on fraudulent claims.

In addition, forward the case to Ethics and Anti-Corruption Commission to investigate this elaborate fraud scheme perpetrated by the facility and recover an amount of Kshs.25,410,542 paid to the facility since, out of 85 sampled claims,71 of them were fraudulent i.e. 96.6%.

5. Director Beneficiary and Provider Management in liaison with Ag. Director ICT should immediately ensure E-claim system is configured to disallow processing claims without surveillance report and for beneficiaries not discharged. In addition, claims should not be batched at the hospital level without verification by a Quality Assurance officer.
6. Director Beneficiary and Provider Management in liaison with Ag. Director ICT should immediately create a field in preauthorization module to indicate beneficiary's current employer in addition to the member's scheme. This is with a view to ensure frequency of accessing benefits by beneficiaries from same company is monitored and can be flagged off.
7. Director Beneficiary and Provider Management should immediately introduce a control layer where employers should within 24hours upon receive of a notification confirm through an undertaking that their employee is admitted to a Healthcare provider before the Fund commits to approve access to benefits. In addition, informal sector beneficiaries should be confirmed through surveillance. This is with a view to cushion the Fund against fictitious claims.
8. Ag. Director ICT should immediately review ICT system to ensure it has adequate capacity to store vital information on claims paid. The system should also provide easy retrieval of the information for future reference. In addition, all preauthorization documents for this facility should be retrieved to put to account medical Practitioners involved in any fictitious claims worth Kshs.34,651,700.

9. Ag. Director Financial Services should immediately subject to validation 237 claims valued at Kshs.32,248,500 in payment process and totally reject claims amounting Kshs.3,000,000 confirmed to be fraudulent.
10. Director Corporate Services should take disciplinary action against Branch Manager, M/s Amran Ali Mohamed and Quality Assurance Officers M/s Halima Gura Roka and Anab Yusuf Abdi for not observing due diligence while processing claims and occasioning the Fund to loss of Kshs.8,063,000 in line with Human Resource Policy and procedure Manual.
11. Management should immediately re-engineer preauthorization process to ensure value addition in the claim process.

In addition, Management should automate the Board approved rates to minimize human involvement and improve on efficiency. This is in line with the best practices.







12. The Board should ask Kenya Medical Practitioners & Dentist Council and Ethics and Anti-Corruption Commission to investigate the facility and hold the medical Practitioners involved accountable for malpractice that led loss of funds.

In addition, conduct investigation on eleven (11) members from Kenya Prison Service, seven (7) from Office of the president-Police and six (6) from office of the president-Administration to confirm whether the beneficiary received healthcare services at the facility and for further action that may help recover any lost Public Funds.

13. Chief Executive Officer should pursue State Department of Public Service to avail necessary records including the attendance records for purposes of verification of access to benefits in this hospital by their members.

14. Head, Corporate Communications and Marketing should actively educate and inform members about their entitlement to benefits to tackle the issue of information asymmetry which is one of the factors contributing to fraudulent activities.
15. Management should automate hospital accreditation and contracting process. Additionally, they should explore the possibilities of implementing a framework for selecting healthcare providers based on access criteria which considers factors such as disease burden, population, and Geographical distribution. This framework should be instrumental in combating fraudulent activities. It is clear that the excessive presence of profit-oriented private healthcare providers will result in a surge of supply induced demand, with the primary goal being profit maximization.
16. Director Beneficiary and Provider Management should always ensure addition of service by Health Care Provider and change of level is approved by the Board before implementation. Additionally, it should be evidenced by duly completed assessment report.

Report Compiled by: -

No.	Name	Signature	Date
1	Samson Mutuku		16/8/2023
2	Beatrice Chemutai		17/8/2023
3	Nellie Mutiso		17/8/2023
4	Nelson Kithinji		17/8/2023
5	Joseph Otieno		
6	Anthony Muriithi		
7	Michael Mwanzia		
8	Emmaculate Kiyiapi		17/8/2023
9	Ali Sama		
10	Patrick Rautta		
11	Esther Kinyua		17/8/2023

JOY NURSING AND MATERNITY HOME

Background (Location and Facility Level)

Joy Nursing and Maternity Home, operating as Joy Nursing and Maternity Eastleigh Limited, is a private healthcare facility licensed to function as a Level 4 hospital. It is situated in Eastleigh, adjacent to the Mathare slums in Nairobi County. The facility has a total inpatient bed capacity of 20.

According to Level 4 facility licensure requirements, the following criteria must be met: a minimum of 24 beds, with at least 6 beds allocated to each ward (female, male, pediatric, and maternity). Additional services should include comprehensive outpatient care, featuring a minimum of 4 resident specialists, particularly in the fields of general medicine, pediatrics, gynecology, and surgery. These specialists should offer medical case management, pediatrics, obstetrics and gynecology care, and both surgical outpatient and inpatient care.

Additionally, a Level 4 facility should possess a Class D laboratory license, a blood transfusion unit, a fully operational radiology unit, a functional maternity theater, advanced life support for emergency care, and mortuary and autopsy services. However, it's worth noting that this facility lacked resident physicians, pediatricians, gynecologists, and surgeons, as per the Kenya Quality Model for Health (KQMH) guidelines.

Services Provided Under NHIF Contract

Joy Nursing & Maternity Eastleigh held contracts covering the 2018–2021 contract cycle, extended to June 30, 2022, and the 2022–2024 contract cycle. Under these contracts, the facility was authorized to provide the following services:

- 1) Provision of outpatient capitation services to NHIF Beneficiaries under the National & Managed Scheme.
- 2) Provision of Outpatient Fixed Fee for Services to Edu Afya at Ksh 1,500 per visit.
- 3) Provision of outpatient Fixed Fee for Services to National Police Service and Kenya Prisons Service Scheme at Ksh. 2,000 per visit.
- 4) Provision of Inpatient Medical Care and Treatment on rebate basis to National and Managed scheme beneficiaries (at Ksh 3,000 daily).

- 5) Provision of comprehensive surgical services to National & Managed scheme beneficiaries as per the contracted rates.
- 6) Provision of Linda Mama benefit package at Ksh. 6,000 (normal delivery) and at Ksh. 17,000 (C-section deliveries).
- 7) Dental and optical benefit packages to National & Managed Scheme beneficiaries as per the contracted rates.

Accusations against Joy Nursing and Maternity Eastleigh

The facility faced several allegations, including:

- 1) Failure to adhere to contractual terms and obligations with NHIF.
- 2) Indictment for ferrying patients from Meru and Tharaka Nithi areas and allegations of patient inducement.
- 3) Claims of patients being induced with monetary cash rewards of between Kshs 2,000 to Kshs 8,000 to register their biometrics at the facility, enabling them to claim for surgical procedures.
- 4) Submission of non-authentic claims to NHIF from July 2021, potentially exposing NHIF to fraud.
- 5) Discrepancies between dates of admission and discharge in hospital and patient files.

NHIF Audit Findings and Recommendations

From July 2021 to May 25, 2023, Joy Nursing & Maternity filed a total of 6,707 claims valued at Kshs 368,868,453, with 2,698 claims worth Kshs 3,835,164 for outpatient care and 4,009 claims worth Kshs 365,033,289 for inpatient care.

Major surgeries accounted for 2,397 claims worth Kshs 297,807,999, while 832 claims worth Kshs 59,285,090 were under case code 30 (managed schemes), and 77 claims worth Kshs 2,335,000 were for minor surgeries under case code 06. There were also allegations of inducements for biometric registration for surgical procedures.

The investigation yielded several findings and accusations, including:

- 1) Patients being taken to JEKIM HOSPITAL NKUBU LIMITED for X-rays and then transported to Joy Nursing & Maternity for further treatment, with no surgeries conducted.

- 2) Confirmation from 13 telephone calls that patients suspected of being ferried to the facility also reported no surgeries being performed.
- 3) Discovery of 5 surgical procedures totaling Kshs 650,000 conducted at Mother & Child Hospital, outside the scope of the service and the signed contract.
- 4) Inability to retrieve 201 patient files worth Kshs 25,495,020 from patient medical records.
- 5) A review of 1,137 claims from September 1 to April 30, 2023, indicating potential ferrying and authenticity issues, with preauthorization for surgeries conflicting with non-surgical MOH diagnoses.
- 6) The falsification of 54 radiology films and a report worth Kshs 7,010,000, with manipulated preauthorization documents to justify surgical procedures such as ORIF.
- 7) Doctors requesting surgical procedures, sometimes with falsified radiology reports, but their names not appearing in the theater register.
- 8) Billing for surgical services that were never rendered, supported by claims from 60 members who confirmed no surgeries were performed, and an additional 38 members with similar claims.
- 9) Members alleging inducements, ranging from Kshs 2,000 to Kshs 8,000, to register their biometrics for surgical procedure claims.
- 10) Claims that members from Meru and Tharaka Nithi were assessed at JEKIM HOSPITAL NKUBU LTD in Meru County before being transported to JOY Nursing & Maternity Eastleigh in Nairobi, corroborating media expose allegations.
- 11) Payment of Kshs 18,750,000 for 145 claims related to ferried patients and inability to access 637 preauthorization documents and attachments worth Kshs 78,455,000 due to empty NHIF system files.
- 12) Pending claims on the NHIF system totaling Kshs 78,172,000 for the audit period, casting doubt on their validity and recommending verification by Head Provider Management.

Recommendations by NHIF

The following recommendations are proposed:

- 1) Seek a refund of Kshs 25,495,020 for 201 patient files that the hospital was unable to prove services were rendered, in contravention of Clause 2.10 of the contract.

- 2) Seek a refund of Kshs 7,010,000 arising from falsified X-rays and radiology services reports, violating Clause 16 on corrupt and fraudulent practices.
- 3) Seek a refund of Kshs 18,750,000 for claims paid for patients ferried from Meru, Tharaka Nithi, and Embu, violating clause 2.1.8 and the Kenya Health Sector Referral Implementation Guidelines.
- 4) Seek a refund of Kshs 7,790,000 for 64 files with claims paid to the facility but differing procedures as per clinical medical review.
- 5) Seek a refund of Kshs 650,000 for claims paid for services rendered at Mother & Child Hospital but paid to Joy Nursing and Maternity.
- 6) Collaborate with government agencies for further investigation and validation of 178 files worth Kshs 22,587,460, suspected to be newly created with discrepancies in patient data and signatures.
- 7) Institute an investigation against Mother & Child Hospital to determine the extent of surgical procedures claimed by Joy Nursing & Maternity Eastleigh.
- 8) Initiate disciplinary action in accordance with Human Resource Policy and Procedure Manual against specific individuals for not observing due diligence while processing claims, resulting in a loss of Ksh. 64,430,020.
- 9) NHIF board should consider unilateral termination of the agreement, revoking healthcare providers' declaration, or legal action against Joy Nursing & Maternity Eastleigh for contract breach, as outlined in clause 16.2 of the contract.

Proposed Questions

- 1) What level of facility is your hospital?
- 2) Why was Joy Nursing & Maternity licensed to operate as a Level 4 hospital by KMPDU and contracted by NHIF, despite having an established bed count of 19 (including 3 in the maternity ward), contrary to the declared bed capacity of 40 in the NHIF system, and the facility having licenses for a capacity of 51 since 2018?
- 3) Do you have a blood transfusion unit, life support equipment for emergency care, mortuary, and autopsy services in your facility?
- 4) Explain the preauthorization procedure, and the claim process until payment stating which department in NHIF is responsible for each.

- 5) What caused the discrepancies between dates of admission and discharge in the hospital and patient files?
- 6) From the NHIF Audit, a total of 54 claims worth Ksh 7,010,000 had radiology films and reports manipulated for preauthorization as support documents to justify surgical procedures. Briefly respond.
- 7) Your facility billed for surgical services worth Kshs 5,885,00 that were not rendered, with 60 members interviewed (22 ferried by the facility) confirmed that no surgeries had been conducted. Why did your hospital engage in such fraudulent activities?
- 8) What is your relationship with JEKIM HOSPITAL NKUBU LTD in Meru County?
- 9) What is your relationship with NHIF branch office and Quality Assurance officer? How often do they visit your hospital?
- 10) Have you ever been contacted by NHIF to clarify any claims and also to refund any of the claims paid to you by NHIF?
- 11) Who in NHIF authorized the referral of patients from JEKIM HOSPITAL NKUBU LTD in Meru County to your facility? Did you pay any monies to ferry the patients to your facility?

AMAL AND BEIRUT HOSPITAL EASTLEIGH

- 1) Amal Hospital is a Private Practice – Medical Specialist Level 4 hospital located in Eastleigh South (Biafra Shopping Centre, Section 3 Opposite Zawadi Primary School) Kamukunji in Nairobi County. As of 2021, the facility was fully operational with a capacity of 6 beds. It is regulated under registration number 27807.
- 2) After the media expose KPMDC officers visited the facility and established that although it was licensed as a Level four (4), it didn't meet the minimum set requirements for this level at the time of inspection. Among other observations, it was also noted that the facility filled NHIF request form on behalf of patients.
- 3) NHIF had suspended the hospital for engaging in fraudulent practices of altering and falsifying information in collusion with members with the intention to defraud the Fund and obtain benefits to the tune of Kshs. 11,453,000 of which Kshs. 8,063,000 had been paid to the facility. And another Kshs. 3,000,000 in payment was made out of the claims sampled translating to 96.6% fraudulent claims. Consequently, the hospital was suspended from offering services to NHIF beneficiaries.
- 4) A review of system records revealed benefits access and utilization patterns where the facility lodged surgical preauthorization requests for a large number of employees of the same employers. Highest beneficiaries per employer on surgical procedures were Self-employed 56, Ministry of State for Youth Affairs 23, Kenya Kazi Services Ltd 12, Africa Apparels EPZ Ltd 12, Ministry of Home Affairs-Prison Department 11, Bob Morgan Services Ltd 8, Machakos County 8, Office of the President-Police 7, Securex Agencies (K) Limited 7, Sekura International Ltd 6, Office of the President-Administration 6, and Hatari Guards 6.
- 5) The Audit team conducted interviews with some of the employees of the aforementioned entities and it was established that the staff were at work and not admitted yet they had their biometrics taken at Amal.

BEIRUT PHARMACY AND MEDICAL CENTRE

- 1) Beirut Pharmacy and Medical Center is a Private Practice- Level 4 located in Airbase (Eastleigh 8th Street, 8th Street 2nd Avenue) Kamukunji in Nairobi County. As of 2021, the facility was fully operational, and regulated by Kenya Medical Practitioners and Dentists Council under registration number 25450.
- 2) The quality improvement checklist for contracting of health facilities indicated that Beirut Pharmacy and Medical Centre was assessed, and the overall score was 35.5% for both inpatient and outpatient which was below the threshold of 45%. Nevertheless, Beirut Pharmacy and Medical Centre code 80008904 was updated in the NHIF system and issued with a contract for inpatient and surgical services without assessment.
- 3) From January 1, 2022, to June 1, 2023, the hospital submitted a total of 1,706 claims. Out of these claims, 1,592 had been paid, amounting to Kshs.153,439,360, while 114 claims, totaling Kshs. 13,198,580 were pending payment. Of the paid claims, 858 claims worth Kshs.59,461,360 (38.2%) related to enhanced schemes, 731 claims Kshs.93,888,000 (61.2%) major surgery, and 3 claims worth Kshs.90,000 (0.06%) minor surgeries.
- 4) The NHIF Audit found that the facility was engaging in fraudulent practices by altering and falsifying information in collusion with members and defrauding the Fund benefits to the tune of Kshs.16,307,000, out of Kshs.17,850,000 of claims sampled, translating to 91.4% fraudulent payments.
- 5) NHIF Officers at the Eastleigh Branch failed to carry out due diligence while executing the contract and processing of claims occasioning a loss of funds of Kshs.15,787,000.

KMPDC findings:

- a. The Facility lacked potable water in most service points including the theatre where the theatre staff were subjected to using basins.

- b. The facility lacked emergency preparedness protocols and had no emergency trays and no referral mechanisms.
 - c. The facility wards and outpatient departments had poor ventilation and lighting.
 - d. The facility had wanting IPC measures, with lack of color-coded bin liners, no running water, and poor drainage.
 - e. The maternity ward had no running water, no drainage area, no macerator, no emergency drugs, and no emergency preparedness measures e.g., Ambu bags.
 - f. The facility lacks a macerator.
 - g. The lab had several expired reagents, no running water, no IQCs, poor documentation and sample labeling, and storage of donor blood was done in the same fridge as the reagents.
 - h. The Lab also lacked documentation relating to servicing and calibration of the equipment.
 - i. The pharmacy met the minimum set requirements.
 - j. The operating theatre was wanting in infrastructure, set up and infection control.
 - k. The wards were substandard and lacked running water.
 - l. Review of patient files revealed wanting patient management documentation.
 - m. The facility did not have standing contracts with visiting consultants.
 - n. The facility contract with the NHIF was already canceled in April 2023 and is under investigation.
- 6) The NHIF had suspended the facility for engaging in fraudulent practices by altering and falsifying information in collusion with members and defrauding the fund benefits amounting to Kshs 15,787,000

Both cases were forwarded to EACC for further investigations.

ST. PETERS ORTHOPAEDIC AND SURGICAL SPECIALIST CENTER

Background

St. Peters Orthopedic and Surgical Specialist Center is a licensed private medical Institution in accordance with Rule (5) of the Medical Practitioners and Dentist Rules. This license entitles the Medical Institution to operate as a Private level V hospital. The facility is authorized to practice as a Level V Medical hospital in Kiambu County, with a maximum number of 180 in-patients.

Services offered under the contract with NHIF.

1. Outpatient Care Package – The patients serve under the NHIF cover must be beneficiaries in the managed scheme with allocated annual limit for the outpatient cover.
2. In Patient Package- Beneficiaries shall be the beneficiaries of the National and Managed Schemes
3. Surgical Benefit Package - The beneficiary for the purpose of this schedule shall be beneficiary of the National and managed schemes.

The NHIF CEO directed the Directorate of Internal Audit to investigate St. Peter's Orthopedic and Surgical Specialty Center Ltd following the previous Audit Report and the exposed impropriety. Two Auditors and two quality assurance officers were appointed to investigate claims raised by the provider.

Audit findings showed that there were discrepancies between the NHIF records and hospital files in relation to 119 claims amounting to Kshs. 14,089,500. . 8 out of 47 beneficiaries confirmed to have been picked from their homes and returned by the hospital after undergoing specialized surgeries. This issue is under investigation by DCI and EACC

Allegations of the previous audit

There were three complaints regarding suspected fraudulent activities where a team of staff from the facility wooed old people for treatment in Meru County, MOUNT Kenya Region, and Machakos County among others.

FINDINGS

From a review of total surgeries between 1st January 2021 to 2023, NHIF found the following:

- The facility received the highest amount of Kshs. 1,632,461,500.10, representing 22.8% of the total monies paid by NHIF. It is number ten of the facilities paid the most by NHIF.
- 92% of these claims were on major surgeries and specialized surgeries. Minor Surgeries accounted for 3.8%. 77 of these surgeries were elective since patients had no medical notes or referral letters. Only 5 were referrals.
- 57 claims costing Kshs.11,729,500 had different dates of admissions listed in the NHIF records compared to the hospital's files.
- Hospital records accounted for 73 admissions with 9 missing cases in the patient files.
- The facility was given a specialized surgery package during preparation cycle contract, yet it was not part of the instructions from benefit and contracting department as the facility had admitted that it was level 4 hospital.
- There were unwarranted payment of 1265 claims worth Kshs. 379,920,000 despite the health facility being non comprehensive by virtue of being type C. The facility offered outpatient, in patient and surgical packages contrary to the communication from benefits and contracting department.
- The facility has been selectively implementing the contract by doing surgical procedures with no outpatient services offered to capitate members and maternity services.
- The Directorate of Beneficiary and Provider Management changed the facility status from contract type C to type B. The audit established that that there is no policy to guide change of facility contract type.

Second audit covering claims lodged from February 2023 to May 2023

During the period 2021/22 and 2022/23, a total of 608 specialized surgeries totaling Kshs175,980,000 and 676 major surgical cases totaling Kshs.12,479,000 claims were lodged.

FINDINGS /ACCUSATIONS

- The hospital maintain different registers for surgical cases and anesthesia.
- Discrepancy between dates of admission and dates of discharge in the hospital files and patients' files
- The facility ferried 10 patients from their homes to the facility to undergo surgeries, this is in addition to the eight confirmed in the first audit, totaling to 18 patients.

PROPOSED QUESTIONS

1. At what level does your hospital operate? Did the facility upgrade its level and why? What is your total bed capacity?
2. Why did the NHIF Directorate of Beneficiary and Provider Management change the facility status from contract type C to B?
3. Your facility was given a specialized surgery package during the preparation of the 2018-2021 cycle contract, but this was not part of the instruction from benefits and contracting as per your contract. What caused this difference?
4. Why are there discrepancies between dates of admission and dates of discharge in the hospital files and patient files in 57 claims of Kshs 11,729,500?
5. Why would the facility offer surgical procedures only with no outpatient services offered to capitated members and maternity services even though it is captured in the contract? Doesn't this imply selective implementation of the contract?
6. Have you engaged in any medical camp during the financial year 2021/22 and 2022/23? Which hospitals do you collaborate with?
7. Why did the hospital ferry 18 patients from their homes to the facility for treatments?
8. Why does St. Peter's orthopedic and surgical specialty limited maintain different registers for surgical cases and anesthesia?
9. Has NHIF ever asked you to refund any claims? What was the reason for the refunds?
10. Among the NHIF staff, which department/ which particular officer have you been dealing with to get preauthorisation?

11. How is your relationship with the NHIF Branch office that oversees your facility?

- a. Do they verify the claims you make?
- b. Do they conduct quality assurance visits?
- c. What do they assess when they visit your facility?
- d. Have you had to contact the headquarters directly without going through the branch office? What was the reason for this? Did the headquarters then assist you in such an instance without reference to the NHIF Branch office?



KENYA MEDICAL PRACTITIONERS AND DENTISTS COUNCIL

**SUMMARY REPORT
ON THE INSPECTION OF THE
HEALTHCARE FACILITIES MENTIONED IN THE NATIONAL HEALTH INSURANCE
FUND MEDIA EXPOSE**

BY THE KENYA MEDICAL PRACTITIONERS AND DENTISTS COUNCIL

CARRIED OUT ON WEDNESDAY, 21 JUNE 2023

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**REPORT ON THE INSPECTION OF FACILITIES IMPLICATED IN THE NHIF MEDIA
EXPOSE
CARRIED OUT BY THE JOINT BOARDS AND COUNCILS
ON WEDNESDAY 21ST JUNE 2023 COUNTY**

A. INTRODUCTION

The Kenya Medical Practitioners and Dentists Council is a body corporate established under Section 3 of the Medical Practitioners and Dentists Act (Cap. 253, Laws of Kenya) with the mandate to regulate the training and **practice** of medicine, dentistry and oral health, and to regulate health institutions within the Republic of Kenya.

The inspection of the eight (8) **Healthcare facilities** ("the Hospital" or "the Facility") implicated in the NHIF Media Expose, was carried out by the Joint Council and Boards Inspections Team ("the JC&BIT") on 21st June 2023. The inspection was carried following the allegations that appeared in the Daily Nation Published on Monday, 19th June 2023 on pages 6 and 7 dubbed "NHIF Heist, how rogue health facilities preyed on elderly to mint millions".

<https://nation.africa/kenya/news/nhif-heist-how-rogue-health-facilities-preyed-on-elderly-to-mint-millions--4275130>.

The article alleged that several healthcare facilities were fraudulently claiming reimbursement from the National Health Insurance Fund for procedures and/or services not offered. The Council constituted a team from MoH, various health regulatory bodies, Councils independent specialists and the respective County health department officers to visit the facilities and conduct an inquiry into the matter.

The inspection is part of the Councils mandate as provided for in Section 4A (1) (b) of the Medical Practitioners and Dentists Act (CAP. 253, Laws of Kenya).

The facility inspection process was anchored on the following key areas:

1. Interview with the Administration.
2. Interview with the Staff
3. Inspection of the Facility
4. Review of relevant documentation
5. Compliance with the issued instructions.

Below is a summary of the inspection findings on all eight healthcare facilities.

NO	FACILITY	KEY FINDINGS	RECOMMENDATIONS
1.	JEKIM MEDICAL CENTRE	<ol style="list-style-type: none"> 1. The facility is registered and licensed as a level 2 by the Kenya Medical Practitioners and Dentists Council 2. The workload is very high vis a vis the staffing. 3. The NHIF systems were closed (contact cancelled), thus difficult to verify information from the system. 	<ol style="list-style-type: none"> 1. To continue operating as a level 2 facility. 2. The facility should ensure all areas of service are adequately staffed. 3. KMPDC to lift the suspension on the facility License 4. NHIF to conduct further investigation on the issues raised.
2.	JEKIM HOSPITAL NKUBU	<ol style="list-style-type: none"> 1. The facility is registered and licensed as a level 4 by the Kenya medical Practitioners and Dentists Council 2. The facility was found clean at the time of the inspection with adequate infrastructure for the level granted. 3. Services offered are aligned for the level. 4. The NHIF systems were closed (contract cancelled) thus difficult to verify information. 5. The facility was not operational at the time of the inspection (had complied with the directive issued). 	<ol style="list-style-type: none"> 1. To continue operating as a level 4 facility 2. The Council to re-inspect the facility within the next three (3) months. 3. KMPDC to lift the suspension on the facility License. 4. NHIF to conduct investigation on the issues raised.
3.	AFYA BORA HOSPITAL	<ol style="list-style-type: none"> 1. The facility was registered as a Level 4 Hospital and had a valid licence for the year 2023. 2. The wards were congested with three beds in a 4 x 5 room. 3. Ventilation in the ward was poor. 4. The facility was not disability friendly as it lacked a ramp. 	<ol style="list-style-type: none"> 1. The management of Afya Bora Hospital to put the facility's documentation process in order. 2. The facility to urgently submit the following to the Council: <ol style="list-style-type: none"> i. Minutes of mortality and morbidity meetings.

	<p>5. Maternity and post-natal wards were congested increasing risk of infections.</p> <p>6. The theatre was not suitable to conduct major surgeries.</p> <p>7. There were no overhead lights in the theatre.</p> <p>8. The theatre list did not capture all the patients' data and doctors' details.</p> <p>9. Review of the theatre list revealed a high number of specific orthopaedic cases particularly arthrotomy.</p> <p>10. The pharmacy was licensed for 2023 by the pharmacy and poisons board. However, did not have pharm-tech or pharmacist. The inspection team found it did not meet the set standards and recommended its closure.</p> <p>11. Review of the records revealed that most admissions were NHIF registered patients.</p> <p>12. The X-ray facilities were located outside the premises for both in and outpatients.</p> <p>13. The inspection team was not provided with either X-ray film or reports on request.</p> <p>No new admissions were taking place in the facility.</p>	<p>ii. Standard Operating Procedures (SOPs).</p> <p>iii. Claims submitted and approvals done by NHIF.</p> <p>iv. All the documentation requested by the KMPDC in the letter to the facility.</p> <p>3. The Ministry of Health should develop the necessary policies on a national system of tracking patient outcomes with a goal of ensuring provision of quality care.</p> <p>4. KMPDC should set standards on the minimum level of facilities where joint replacements can be done.</p> <p>5. The facility to cease with immediate effect any surgical procedures until a re-inspection by the Council is conducted in three months from the time of this report.</p> <p>6. KMLLTB should reinspect the Laboratory for proper categorization as level B in line with the inspection findings.</p> <p>7. The facility should be referred to Disciplinary and Ethics Committee (D&EC) for further action.</p> <p>8. The facility should cease admission of patients UNTIL re-inspection by the Council to ascertain its suitability to continue operations.</p> <p>9. The National Hospital Insurance Fund (NHIF) to complete the investigations and share their policy of empaneling hospitals.</p>
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			10. The facility should ensure compliance to the minimum set requirements by the Pharmacy and poisons board for its pharmacy prior to resuming operations,
4.	AFYA BORA HOSPITAL ANNEX	<ol style="list-style-type: none"> 1. The facility was registered as a Level 4B specialist Hospital and had a valid licence for the year 2023. 2. The facility is located in a mixed-use building with the outpatient located in the commercial section of the building (ground floor) and the rest of the facility is located in the residential part of the building. 3. There was poor lighting and ventilation in the facility generally. 4. The wards were congested with three beds in a 4 x 5 room. 5. The facility had a ramp. 6. There were two (2) theatres; receiving and recovery room are in the same place. 7. There were no overhead lights in the theatre. 8. The theatre list did not meet the conventional standards and did not capture essential data. 9. A room was dedicated for physiotherapy services but was poorly equipped. 10. The pharmacy was registered with PPB and had a registered pharmaceutical technologist. 11. It was difficult to assess patient outcomes in the inspection visit as the team requested x-rays and some notes were not provided. 	<ol style="list-style-type: none"> 1. The management of Afya Bora Hospital Annex to put the facility's documentation process in order. 2. The facility to urgently hire a qualified pharmaceutical technologist and ensure the pharmacy meets the minimum standards for operations. 3. The facility to urgently submit the following to the Council. <ol style="list-style-type: none"> i. Minutes of mortality and morbidity meetings. ii. Standard Operating Procedures (SOPs). iii. Claims submitted and approvals done by NHIF. iv. All the documentation requested by the KMPDC as in the letter to the facility. 2. The Ministry of Health should develop the necessary policies on a national system

		<p>12. The Laboratory was registered as a Class E laboratory but could not perform the basic tests and lacked reagents i.e. full hemogram, kidney function tests, microbiology</p> <p>13. From the records, there were many patients who had the unconventional treatment of arthrotomy for knee, hip, and shoulder pain as treatment for osteoarthritis.</p> <p>14. Almost all admissions were NHIF registered patients.</p> <p>The remaining two patients in the facility were in the process of being evacuated.</p>	<p>of tracking orthopaedic patient outcomes with a goal of ensuring provision of quality care.</p> <ol style="list-style-type: none"> 3. KMPDC should set standards on the minimum level of facilities where joint replacements can be done. 4. The facility to cease with immediate effect any surgical procedures until a re-inspection is conducted by the Council in three months from the time of this report. 5. The facility should be re-categorized to Level 3B line with the inspection finding on the set standards. 6. The facility should be referred to Disciplinary and Ethics Committee (D&EC) for further action. 7. The National Hospital Insurance Fund (NHIF) to complete the investigations and share their policy of empaneling hospitals.
5.	<p>ST. PETERS ORTHOPAEDIC AND SURGICAL HOSPITAL</p>	<ol style="list-style-type: none"> 1. General the facility maintained a high level of cleanliness. 2. Regulated staff in the facility had valid licenses, however the facility did not have contracts for the visiting specialists. 3. Overall, waste management and infection prevention were adequate. 4. The 180-bed facility has a workload of 250 patients per day of which 75% are orthopaedic 	<ol style="list-style-type: none"> 1. The facility should have a separate pharmacy to serve the inpatient. 2. The facility should avail their contracts with the visiting specialists to the Council. 3. The facility should improve on documentation of patient care. 4. The facility should improve on staff documentation.

		<p>cases. There are over 25 operations done daily</p> <ol style="list-style-type: none"> 5. Patient flow in OPD was not smooth, there is a need for improvement. 6. The facility has a class E laboratory; and are licensed for 2023. 7. The facility has one pharmacy that serves both outpatient and inpatient. 8. The facility had comprehensive documentation of nursing care in ICU, but there was scanty documentation of nursing care in the wards. 9. The facility did not have a holding room for dead bodies. 10. Facility has over 400 employees on its payroll. <p>The facility complied with the issued directives. The facility contract with NHIF had been cancelled.</p>	<ol style="list-style-type: none"> 5. The facility to provide missing privacy screen in the consultation rooms. 6. The hospital to provide a standard body holding room. 7. The facility to provide the documents as directed in the KMPDC letter 8. Kenya Medical Practitioners and Dentists Council to reinstate the facility's license. 9. The NHIF to complete further investigations on the claims from the facility
6.	<p>JOY NURSING AND MATERNITY HOME</p>	<ol style="list-style-type: none"> 1. The facility had suspended both outpatient and in-patient services as of 19th June 2023. 2. The facility's inpatient bed capacity was 20 beds but the license available was for a level 4. 3. The facility is in a residential building. The demarcation between the two is not clear as the residents and patients use the same staircase. The facility does not have a change of use approval for the premises from residential to a health facility. 4. Generally, the facility has poor ventilation and lighting. 	<ol style="list-style-type: none"> 1. Kenya Medical Practitioners and Dentists Council should uphold the facility license suspension. 2. The facility should relocate to a more suitable non-residential location within a year. 3. The facility to review its staffing complement in line with the recommended Human Resource for Health norms. And ensure all staff, including those on locum and visiting consultants should have formal contracts of engagement.

		<ol style="list-style-type: none"> 5. The infection prevention mechanisms at the facility are below the expected standard. 6. The pharmacy has a current license, but the stock management and control are below the prescribed standards. The dispensary door and ceiling needed urgent repairs. 7. The facility lacked running water and hand washing stations. 8. There were no Standard operating Procedures displayed throughout the facility. 9. The facility did not avail staff contracts and relevant licensure for interrogation by the Inspection Team. 10. The Laboratory is licensed as a Class D license, but some key reagents were missing. 11. The facility does not have a CSSD department. 12. There were expired emergency drugs and emergency tray checklist was missing. 13. Signages most service delivery areas in the facility were misleading. 14. The facility had two theatres with one changing area. There was no clear zoning of the theatre especially with the pre & post Operating areas doubling up as receiving areas with external open-air cation. (The space was previously a corridor.) 	<ol style="list-style-type: none"> 4. The facility should develop, implement, and display standard operating procedures for emergency response and other key procedures at the facility. 5. The facility should provide additional consultation rooms, observation rooms, and procedure rooms within the outpatient department. 6. The facility should provide a suitable surgical ward for its post operative patients. 7. The facility to review its emergency preparedness and response mechanisms and procure relevant equipment and resources for the same. 8. The facility should ensure its infrastructure and lay out meet the minimum set requirements keeping in mind IPC measures and patient safety. 9. The facility to renovate its pharmacy and set up effective stock management systems to ensure and guarantee quality of the stock procured and dispensed. 10. The facility should decongest the laboratory by creating more space and improve on ventilation. 11. The facility should cease all surgical procedures UNTIL the following areas are provided:
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15. The doctors changing area in theatre was an improvised corridor. The scrubbing area was inside (past) the theatre but there was no running water thus the personnel used basins in the scrubbing area. The same room had broken windows & doubles up as a sterilization room and a store. The wash hand basin is also used as a sluice sink.

16. The sluice room inside the theatre had broken windows and no swinging doors. The disinfection of instruments was not carried out as per the recommended procedures. The theatre flow both for the doctor and the patient was compromised by the poor environment including ideal ventilation.

17. It was noted that there was no designated surgical ward even though the facility has record of surgical procedures undertaken day to day.

18. The theatre log exhibited a workload and case mix of orthopaedic, Gynaecological and Paediatric cases. It was noted that on average the facility handles more orthopaedic cases. It was noted that there was a good tally between theatre records and actual cases done.

19. The facility's consent form was a segment on the cover of the patient file, but it was not comprehensive and detailed

a. Ensure both negative and positive pressure is maintained in the theatre by the provision of extractors.

b. Ensure clear receiving and recovery areas are demarcated and well set up.

c. Provide a changing area with a washroom and closet. The toilet inside the theatre should be removed.

d. Provide a scrub area with running water and a hand washing station with elbow taps.

e. Ensure that the theatre has extractors for good ventilation and all the open spaces and broken windows currently used as a source of ventilation should be closed/repaired.

f. Provide a sterile store for theatre consumables and medication.

g. Provide a separate sluice area and a sterilization room. Ensure the instruments are disinfected as per the recommended standards and evidence of maintenance of this practice submitted.

h. Clear waste holding area is set aside and the sanitary standards in the theatre and wards improved to the recommended standard.

12. Kenya Medical Practitioners and Dentists Council to uphold the suspension of the license pending the facilities compliance

		<p>to ensure informed consent taking.</p> <p>20. The facility did not have a valid licence from KENRA for the year 2023 and the radiographer didn't have a dosimeter. It was further noted that there were no lead doors in the radiology department despite carrying out X-Rays</p>	<p>with the recommendations herein.</p> <p>13. The NHIF to continue with investigation on claims from the hospital</p>
7.	AMAL HOSPITAL	<ol style="list-style-type: none"> 1. The facility is licensed as a Level four (4); however, it doesn't meet the minimum set requirements for this level at the time of inspection. 2. The National Health Insurance Fund suspended its engagement with the facility since April 2023 and the facility has since been operating as an outpatient centre 3. The facility did not have a valid license for its pharmacy from the Pharmacy and Poisons Board for the year 2023. T 4. The facility did not avail contracts for its staff and their respective licensure/registration status. 5. The signage/banner listing the services offered by the facility had some services not offered. 6. The overall Infection Prevention and Control mechanism were not to set standards, the general layout of the facility created a risk for cross infection and cross contamination as the out-patient and in-patient facilities 	<ol style="list-style-type: none"> 1. The facility should cease all in patient services and all surgical procedures UNTIL it meets the minimum set requirements and is re inspected by the Council. 2. NHIF should take the necessary actions towards the facility for filling in the NHIF request form on behalf of patients. 3. The facility to ensure all the relevant licenses for both staff and premises are acquired before commencing any further operations. 4. Kenya Medical Practitioners and Dentists Councils' Disciplinary and Ethics Committee to review the facility categorisation based on findings. 5. The facility to review its staffing complement in line with the recommended Human Resource for Health norms. All staff, including those on locum and visiting

		<p>are along the same corridors criss-crossing each other.</p> <ol style="list-style-type: none"> 7. The facility did not have well displayed standard operation procedures in key areas. 8. The facility has two functional theatres. However, it was noted that the theatre space was limited and thus not appropriate to be used for operations. 9. The facility has a licensed Laboratory categorized as Class E. 10. The emergency preparedness at the facility was compromised. The emergency tray did not have a checklist and the general fire and risk control mechanisms were missing. There is no designated parking spot for an ambulance. 11. The facility had commendable ENT equipment, maternity and labour wards and has Mechanical Extract ventilation. 12. The facility had a well detailed consent form however it was inappropriately filled with most of the sections left blank and the surgical site not indicated. 13. The theatre logs reviewed were well detailed and comprehensive including time stamps. 14. Reviewed patient files showed that the surgeries done corresponded to a specific acceptable indication and procedure. 	<p>consultants to have formal contracts of engagement.</p> <ol style="list-style-type: none"> 6. The facility to adopt and display standard operating procedures for emergency response and other key procedures at the facility. 7. The facility to review its emergency preparedness and response mechanisms and procure relevant equipment and resources for the same. 8. The facility to upgrade its theatres to meet the minimum set standards prior to resuming operations. 9. Kenya Medical Practitioners and Dentists Council to reinstate the facility's license to operate as a level 3B (outpatient services only) 10. Kenya Medical Practitioners and Dentists Council to inspect the facility with a view of recategorization. 11. The NHIF to complete its investigations into the claims from the facility and inform the KMPDC the relevant findings.
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<p>8.</p>	<p>BEIRUT PHARMACY AND MEDICAL CENTRE</p>	<ol style="list-style-type: none"> 1. The Facility lacked portable water in most service points including theatre where the theatre staff were subjected to using basins. 2. The facility lacked emergency preparedness protocols, had no emergency trays and no referral mechanisms. 3. The facility wards and outpatient departments had poor ventilation and lighting. 4. The facility had wanting IPC measures, with lack of colour coded bin liners, no running water and poor drainage. 5. The maternity ward had no running water, no drainage area, no macerator, no emergency drugs, no emergency preparedness measures e.g. Ambu bags. 6. The facility lacks a macerator. 7. The lab had several expired reagents, no running water, no IQCs, poor documentation and sample labelling, and storage of donor blood was done in the same fridge as the reagents and lacks documentation relating to servicing and 	<ol style="list-style-type: none"> 1. Kenya Medical Practitioners and Dentists Council should uphold the facilities License suspension UNTIL the facility has taken the necessary actions to the recommendations and minimum facility set standards by the Council. 2. The Council Should reinspect the facility once an application prior to the facility providing any services. 3. The facility should provide portable water to all service points. 4. The facility should improve on IPC throughout the entire facility in line with MOH recommendations. 5. Kenya Medical Laboratory Technician and Technologists Board to follow up with the laboratory to ensure it meets the basic requirements for operations. 6. The facility should develop and implement SOPs for use in the facility. 7. The facility should allocate an area for laundry and kitchen facilities. 8. The facility should ensure the theatres meet the set standards subject to resumption of operations. 9. The facility should ensure the Laboratory is adequately structured and stocked for its level with regular IQCs.
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		<p>calibration of the equipment.</p> <p>8. The pharmacy met the minimum set requirements.</p> <p>9. The Operating theatre was wanting in infrastructure, set up and infection control.</p> <p>10. The wards were substandard and lacked running water.</p> <p>11. Review of patient files revealed wanting patient management documentation.</p> <p>12. The facility did not have standing Contracts with visiting consultants.</p> <p>13. The facility contract with the NHIF was already cancelled since April 2023 and under investigation.</p>	<p>10. The facility should develop and implement proper emergency preparedness procedures and measures.</p> <p>11. Adherence to standard patient history taking and documentation.</p> <p>12. The NHIF to complete investigations and share with the Council where Council action is required.</p>
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IPC-Infection prevention and control

IQC-Internal quality control



Afya Yetu. Bima Yetu

**CASHFLOW STATEMENTS FOR NATIONAL HEALTH
INSURANCE FUND FOR THE FINANCIAL YEARS
2020/21 AND 2021/22**

**PRESENTED BY:
CHIEF EXECUTIVE OFFICER**

**DATE:
20TH JUNE 2023**

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	JUNE 2022 KES	JUNE 2021 KES	MARCH 2023 KES
CASHFLOWS FROM OPERATING ACTIVITIES				
Cash generated from/ (used) in operations	1 (a)	(1,989,740,443)	446,019,538	(4,850,431,237)
Tax Paid		(50,053,040)	(184,063,384)	(22,294,746)
Net cash generated/ (used) in from operations		(2,039,793,483)	261,956,154	(4,872,725,983)
CASHFLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of PP&E		-	180,494	-
Interest from investment		1,241,687,016	1,055,547,873	860,790,682
Purchase of Property, Plant and Equipment		(206,728,756)	(102,241,989)	(22,995,531)
Purchase of Intangible Assets		(439,276,500)	(652,201,696)	-
Proceeds from sale of South B estate		3,020,479	2,910,418	-
(Purchase) Redemption of Fixed Interest Investment		-	20,520,000	-
Purchase of Long-term Deposit		(24,550,604)	(301,929,584)	(18,767,280)
(Purchase)/Redemption of unquoted investment		30,041,919	27,458,140	16,072,170
Net cash generated from/ (used in) investing activities		604,193,553	50,243,656	835,100,041
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(1,435,599,930)	312,199,810	(4,037,625,942)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		16,022,787,465	15,710,587,655	14,587,187,535
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1(b)	14,587,187,535	16,022,787,465	10,549,561,593

CLOSING BALANCE JUNE 2022	CLOSING BALANCE JUNE 2021	CLOSING BALANCE MARCH 2023
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1. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of Operating Surplus to Cash Generated from Operations

	JUNE 2022 KES	JUNE 2021 KES	MARCH 2023 KES
Operating Surplus	2,780,894,252	3,461,652,254	(2,200,411,494)
Depreciation	253,784,560	282,817,144	181,861,012
Amortization	292,182,233	246,064,689	277,916,589
Gain on Disposal of PPE	-	(180,494)	-
Interest From Investments	(1,241,687,016)	(1,055,547,873)	(860,790,682)
Operating Surplus before Working Capital Changes	2,085,174,030	2,934,805,720	(2,601,424,575)
Working Capital Changes			
(Increase)/decrease in Trade Receivables	2,105,508,635	(12,390,144,404)	(6,265,861,225)
(Increase)/decrease in Other Receivables	611,027,293	6,862,442,472	(4,671,558)
Increase /-(Decrease) in Claims Payables	(6,238,226,586)	7,455,126,739	9,221,511,092
Increase /-(Decrease) in Deferred Income	5,741,066,831	1,707,994,885	(2,740,924,572)
Increase /-(Decrease) in IBNR Reserves	(5,698,412,851)	(3,054,837,378)	(2,225,022,451)
Increase/(Decrease) in Other Payables	(42,961,676)	(2,882,106,536)	(69,971,459)
Increase/(Decrease) in Tax Payable	(6,389,917)	(808,589)	386,902
Increase/(Decrease) in Provisions	(546,526,200)	(186,453,373)	(164,453,389)
Net Working Capital Changes	(4,074,914,473)	(2,488,786,183)	(2,249,006,661)
Cash Generated from Operations	(1,989,740,443)	446,019,538	(4,850,431,237)

b) Analysis of cash and cash equivalents

Short term deposits	13,388,971,803	15,078,178,771	8,932,200,000
Cash at bank	1,197,884,807	944,484,560	1,617,098,510
Cash in hand	330,925	124,135	263,084
Balance at end of the Year	14,587,187,535	16,022,787,466	10,549,561,594

CASH & CASH EQUIVALENT

1. SHORT TERM INVESTMENTS

NBK Call Deposit	1,647,771,803	1,000,000,000	-
KCB Call Deposit	100,000,000	1,035,561,855	100,000,000
CBK Treasury Bills	9,592,200,000	11,832,200,000	8,832,200,000
Equity Bank Call Deposit	1,112,400,000	1,210,416,916	-
NCBA Call Deposits	936,600,000	-	-
Total	13,388,971,803	15,078,178,771	8,932,200,000

	CLOSING BALANCE JUNE 2022	CLOSING BALANCE JUNE 2021	CLOSING BALANCE MARCH 2023
2. CASH AND BANK BALANCES			
Cash in Hand	330,925	124,135	263,084
Cash at Bank	1,197,884,807	944,484,560	1,617,098,510
Cash in Transit	-	-	-
Total	1,198,215,732	944,608,695	1,617,361,594

Cash at bank balances are funds held at Cooperative Bank of Kenya, Equity Bank, National Bank of Kenya, NCBA, Safaricom and Kenya Commercial Bank. The KES 1.197 billion is cash held in collection accounts and cash mopped up to pay claims processed at the end of the year as shown in Appendix I.

LONGTERM INVESTMENTS

3. FIXED INTEREST INVESTMENTS

Balance at the beginning	-	20,520,000	-
Investments/ (Redemptions)	-	(20,520,000)	-
Balance at the end	-	-	-

The Treasury Bond held with the CBK was redeemed upon maturity on 8th February 2021.

4. LONG TERM DEPOSITS

NBK (Car Loan)	57,222,743	57,092,390	1,307,500,366
KCB S & L (Mortgage)	1,289,008,936	1,264,588,685	57,498,593
Total	1,346,231,679	1,321,681,075	1,364,998,959

The Fund has held deposits in NBK and KCB as guarantee for staff Car Loan and Mortgages respectively issued at negotiated interest rate to the Fund's employees. The schemes are negotiated at 5% per annum between the fund and the appointed banks who are the scheme managers. The interest earned is shared between the fund and the administrators at 2% and 3% respectively as approved by the board.

5. UNQUOTED INVESTMENTS

Consolidated Bank Shares	54,200,000	54,200,000	54,200,000
MTRH Loan	256,692,640	286,734,558	240,620,470
Total	310,892,640	340,934,558	294,820,470

Shares held at Consolidated Bank Ltd comprised 590,000 ordinary shares valued at KES. 11,800,000 and 2,120,000 preference shares valued at KES. 42,400,000 totalling to KES. 54,200,000.

MTRH Loan refers to a loan advanced by the Fund to the Moi Teaching and Referral Hospital (MTRH) earning an interest of three percent (3%) per annum. The interest is recognised among interest on investments under other incomes. Interest and Recoveries movement.

EQUITY & RESERVES

	CLOSING BALANCE JUNE 2022	CLOSING BALANCE JUNE 2021	CLOSING BALANCE MARCH 2023
6. ACCUMULATED FUND			
These are capital funds held by the Fund and represented by the Fund's various accumulated fixed assets. There were no changes to the accumulated fund during the year.			
Balance at the beginning	12,209,923,340	12,209,923,340	12,209,923,340
Changes in the year		-	-
Balance at the end	12,209,923,340	12,209,923,340	12,209,923,340
7. RETAINED EARNINGS			
The Fund made a Surplus after tax of KES. 2,730,841,212 in the financial year 2021/2022 compared to a Surplus of KES. 3,277,588,871 in the previous financial year.			
Balance at the beginning	6,159,004,369	2,881,415,498	8,889,845,581
Surplus (Deficit) for the year	2,730,841,212	3,277,588,871	(2,222,706,240)
Balance at the end	8,889,845,581	6,159,004,369	6,667,139,341
8. INCURRED BUT NOT REPORTED (IBNR) CLAIMS RESERVES			
IBNR at the beginning	19,972,497,763	15,365,628,781	21,109,205,434
Add: IBNR for the year	1,136,707,671	4,606,868,982	5,224,687,979
IBNR Reserves at the end	21,109,205,434	19,972,497,763	26,333,893,413
Less:			
Prior years claims FY2020/21	(7,661,706,361)	-	(14,496,826,882)
Prior years claims FY2021/22	(6,835,120,522)	(7,661,706,361)	(7,449,710,430)
Prior years claims at the end	(14,496,826,882)	(7,661,706,361)	(21,946,537,313)
Net IBNR Reserves at the end	6,612,378,551	12,310,791,402	4,387,356,100

As required the International Financial Reporting Standards (IFRS 17), the Fund created reserves for claims Incurred But Not Reported (IBNR). This is an estimate of the liability for claim-generating events that have taken place but have not yet been reported to the insurer or self-insurer. The sum of IBNR losses plus incurred losses provides an estimate of the total eventual liabilities for losses during a given period. The IBNR, therefore, form part of an entity's reserves in the Statement of financial Position.

The Fund's IBNR estimates are computed by Kenbright Actuarial & Financial Services on a quarterly basis. These estimates are then shared with management for inclusion in the Financial Statements and supported by a certification by a competent actuarial consultant. *(Please see Appendix 2).*

INVESTMENT PORTFOLIO IN THE CURRENT FINANCIAL YEAR 2022/2023

9. SHORT TERM INVESTMENTS

	30 TH SEPTEMBER	31 ST DECEMBER	31 ST MARCH	19 TH JUNE
NBK Call Deposit	-	-	-	2,500,000,000
KCB Call Deposit	3,100,000,000	100,000,000	100,000,000	1,100,000,000
Equity Bank Call Deposit	-	-	-	-
NCBA Call Deposits	1,200,477,883	-	-	-
CBK Treasury Bills	7,792,200,000	6,932,200,000	8,832,200,000	6,932,200,000
Total	12,092,677,883	7,032,200,000	8,932,200,000	10,532,200,000

APPENDIX 1: DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Balance as at June 30, 2022	Balance as at June 30, 2021	Account Number
	Kes	Kes	
a) Current account			
Kenya Commercial Bank	405,075,062	119,467	1107111226
Kenya Commercial Bank	500	33,750	1167080416
Equity Bank	388,717,380	63,913,835	0170263180280
Equity Bank	57,859	685,640	0170273733939
Equity Bank	-9,900	1,040,950	0170263318584
National Bank of Kenya	115,058,448	-905,700	01023033223900
National Bank of Kenya	17,933,347	113,821,955	01003000904002
National Bank of Kenya	724,533	446,724,533	01023000904000
National Bank of Kenya	351,650	55,777,638	01003000904001
Cooperative Bank of Kenya	167,628,365	221,326,020	01141162180500
Cooperative Bank of Kenya	76,861,905	20,749,307	01136011317300
Cooperative Bank of Kenya	-	-	01141011317300
NCBA APL Collection account	6,939,947	2,597,375	4783380012
Safaricom	18,545,711	18,599,790	M-pesa
Sub-Total	1,197,884,807	944,484,560	
b) On - call deposits			
National Bank of Kenya	1,647,771,803	1,000,000,000	
Kenya Commercial Bank	100,000,000	1,035,561,855	
Central Bank of Kenya	9,592,200,000	11,832,200,000	
Equity Bank	1,112,400,000	1,210,416,916	
NCBA	936,600,000	-	
Sub- total	13,388,971,803	15,078,178,771	
c) Staff Car loan/ Mortgage			
Savings & Loan - Mortgage	1,289,008,936	1,264,588,685	1100162666
NBK - Car Loan - Deposit a/c	37,859,489	53,022,129	01288032515200
NBK - Car Loan - Interest a/c	19,363,253	4,070,260	01021032515200
Sub- total	1,346,231,678	1,321,681,075	
Grand Total	15,933,088,288	17,344,344,406	

APPENDIX 2: INCURRED BUT NOT REPORTED (IBNR) CLAIMS RESERVES SCHEDULE

IBNR CLAIMS RESERVES					
SCHEME	Cumulative IBNR as at 30 th June 2020	IBNR for FY 2020/2021	Cumulative IBNR as at 30 th June 2021	IBNR for FY 2021/2022	Cumulative IBNR as at 30 th June 2022
National Health Scheme	8,451,393,592	1,790,323,429	10,241,717,022	(587,656,438)	9,654,060,584
Indigents Sponsorship Program (GoK)	-	-	-	-	-
Civil Servants Scheme	1,908,981,619	665,477,141	2,574,458,760	349,893,668	2,924,352,428
NPS&KPS Scheme	1,853,131,630	1,557,485,512	3,410,617,142	602,721,182	4,013,338,324
Eduafya Scheme	810,847,390	(254,978,884)	555,868,506	128,046,502	683,915,008
HISP OVC Scheme	21,683,051	6,378,758	28,061,809	3,224,985	31,286,794
HISP OPPSD Scheme	6,740,631	(1,026,567)	5,714,064	736,681	6,450,745
County Schemes	395,661,570	23,137,823	418,799,393	106,503,370	525,302,763
Parastatals Schemes	580,380,902	75,454,512	655,835,414	124,876,210	780,711,624
Retirees Schemes	108,333,026	45,133,491	153,466,517	36,715,028	190,181,545
Linda Mama Program	1,228,475,368	699,483,768	1,927,959,136	371,646,482	2,299,605,618
GRAND TOTAL	15,365,628,781	4,606,868,982	19,972,497,763	1,136,707,671	21,109,205,434

Incurred but Not Reported (IBNR) – an estimate of the liability for claim-generating events that have taken place but have not yet been reported to the insurer or self-insurer. The sum of IBNR losses plus incurred losses provides an estimate of the total eventual liabilities for losses during a given period. The IBNR, therefore, form part of an entity's reserves in the Statement of financial Position.

The Fund's IBNR claims estimates are computed by Kenbright Actuarial & Financial Services on a quarterly basis. These estimates are then shared with management for inclusion in the Financial Statements and supported by a certification by a competent actuarial consultant.

RESPONSE TO QUESTIONS RAISED BY THE DEPARTMENTAL COMMITTEE ON HEALTH ON MATTERS RELATED TO NHIF

National Hospital Insurance Fund received a National Assembly memo, reference no NA/DDC/DC-H/2023(027) dated 7th June 2023, and the subsequent memo, reference no NA/DDC/DC-H/2023/(030) to address the following:

1. NHIF to shed light on the failure to remit NHIF capitations to hospitals which provide services to card-holders.
- * 2. NHIF cash flow statements for the last 2 years and the Fund's financial reserves and financial reserve policy
3. Refusal of Hospitals to accept NHIF cards.
4. Status of payments by NHIF on EduAfya, Linda mama maternity cover, and rebates, and how much is pending, when it was paid last, how much the Fund owes hospitals, and when the balance will be settled.

1. NHIF to shed light on the failure to remit NHIF capitations to hospitals which provide services to card-holders.

RESPONSE

Honorable Chair and Members,

On the question to NHIF to shed light on the failure to remit NHIF capitations to hospitals which provide services to card-holders.

- i. There was a delay in payment of capitation to facilities contracted to offer the outpatient (annex 1) benefit to members, in the 4th Quarter of the FY 2022/23.
- ii. By the 5th day of the quarter, all providers were required to file the capitation returns of the preceding quarter, through the respective branches for invoices of the present quarter to be processed for payment.

Capitation denominator

- iii. Approximately 7,700 providers are in the panel of providers to offer the outpatient benefit, of which more than half have been selected by the beneficiaries for the access to the benefit.
- iv. On 12th April, during the processing of payments, the Fund noted that the capitation returns rate was 2.2% (83 providers) against the raised capitation invoices of 1.13 billion presented for payment. Due to batching of claims for payment in the claims management system, the complaint facilities could not be isolated and paid for the amounts.
- v. Communication was made through the branches, and at a formal meeting with the providers on 27th April¹, at the NHIF building, the issue on contract enforcement was discussed and all providers formally requested to file returns.
- vi. Reminders were sent out by in May through the branches.
- vii. On 19th May, the follow-on meeting, at the NHIF building was made with the providers, with the participation of the national referral hospitals. The meeting agreed that NHIF would process the invoices of providers with filed capitation returns as priority in June.
- viii. The first batch of 541 million was processed for payment on 5th June 2023, and the second batch of 857 million processed on 12th June 2023. An additional 307 million was paid on 14th June 2023. An estimated 300 million of in yet-to-be filed returns may be related laxity among the providers to adhere to contract terms, failure of branches to submit filed returns or a fraud risk in the capitation model of payment.

¹ Following the run of negative news in the media by a section of healthcare providers, the NHIF management requested Kenya Health Federation (KHF), to constitute a team representative of the non-government healthcare providers in the country, for a meeting on Thursday 27th April, at 3.30pm, at the NHIF building.

The agenda of the meeting was addressing the grievances raised in media through a formal meeting especially on delayed payments, and set the stage for quarterly engagements with the stakeholders. The KHF constituted a team representative of the mission hospitals (Kenya Conference of Catholic Bishops - KCCB, Christian Health Association of Kenya - CHAK, and Supreme Council of Kenya Muslims - SUPKEM), Kenya Association of Private Hospitals - KAPH, and Rural Private Hospitals Association of Kenya - RUPHA).

Table 1: Capitation payments in the current financial year

Quarter	Duration	Amount	Remarks
1	July - September	1,232,942,763.25	Paid
2	October - December	2,056,998,016.75	Paid
3	January - March	2,077,163,111.00	Paid
4	April - June	1,704,472,031.00	Delayed and paid in 3 batches in June
	TOTAL	7,071,575,922.00	

2. NHIF cash flow statements for the last 2 years and the Fund's financial reserves and financial reserve policy

RESPONSE:

Honorable Chair and Members,

By close of June 2022:

Net Cash used in Operations = KES (2,039,793,483)

Net cash generated from investments = KES 604,193,553

Cash equivalent at the end of the year = KES 16,022,787,465

Cash equivalent at the end of the year = KES 14,587,187,535

3. Refusal of Hospitals to accept NHIF cards.

RESPONSE:

Honorable Chair and Members,

Three hundred and fifty (350) hospitals affiliated to the Rural Private Hospitals Association (RUPHA), issued a notice that they would stop accepting NHIF cards effective 31st May 2023, citing non-payment of capitation amounts. This was despite the joint meetings with providers, where NHIF reassured the providers that payments will be made in June 2023.

RUPHA communicated resumption of the services in a letter dated 16th June 2023

4. Status of payments by NHIF on EduAfya, Linda mama maternity cover, and rebates, and how much is pending, when it was paid last, how much the Fund owes hospitals, and when the balance will be settled.

RESPONSE:

Honorable Chair and Members,

The last set of payments have been made in 3 batches in June. As at 14th of June:

Table 2: Claims payment in June 2023

NHIF CLAIMS PAYMENT ON 14TH JUNE 2023				
PAYMENT	GOVERNMENT	MISSION	PRIVATE	TOTAL
CLAIMS/REBATE	1,211,671,990.00	783,627,711.00	3,959,878,420.00	5,955,178,121.00
CAPITATION	640,868,068.00	309,039,263.00	754,564,700.00	1,704,472,031.00
LINDA MAMA	1,414,943,612.00	172,385,458.00	252,327,436.00	1,839,656,506.00
TOTAL	3,267,483,670.00	1,265,052,432.00	4,966,770,556.00	9,499,306,658.00

Table 3: Pending claims as at 15th June

PAYMENT	TOTAL PAID FY	CLEARED PENDING PAYMENT
CLAIMS/REBATE	46,555,056,961.00	7,674,447,635.00
CAPITATION	7,071,575,922.00	X
LINDA MAMA	1,839,656,506.00	302,519,339.00
TOTAL	5,466,289,389.00	7,976,966,974.00

Honorable chair and members,

I submit.

Dr. Samson Kuhora

Ag. CHIEF EXECUTIVE OFFICER

Annex 1: The Outpatient Benefit Package

National Health Insurance Fund (NHIF) procures the outpatient benefit for all the members covered. It uses capitation as a model of payment for the outpatient benefit. Globally, countries like Thailand employ capitation on the hub- and - spoke method to reimburse for payments. In Germany, capitation is based on association of hospitals that have pooled together to check on each and other aid in appropriate management of finances and delivery of services.

The model of payment is used to procure Outpatient services from comprehensive service providers, for all members of the national scheme and sponsored programs (except EduAfa). These members are free to select and change the preferred healthcare provider, using the selfcare platforms and service centers provided by the Fund.

Table 1: Scope of cover for the benefit

Benefit	Benefit Description/Level of care definition
Medical Outpatient (OP) cover	Triage and Basic Evaluation including Weight, Height, BP, BMI, SPO ₂
	Consultation: General
	Consultation: Specialist*
	Medical imaging: x-rays, ultrasound
	Lab investigations (Essential Diagnostics List - worksheet). A category lab tests (annex 1)
	Prescription medications: Scope is the KEML (2019)
	Reproductive health: FP, ANC, PNC, Obstetric US
	Support service: Physiotherapy
	Immunizations: KEPI Schedule
	Vaccinations; anti-snake venom and anti-rabies
	OP procedures in procedure room with/out LA (21 procedures), ECG

**risk adjusted capitation in level 4 and 5 provides for specialist OP consultations*

The capitation allocation is determined by the OP average cost of care, and the anticipated OP visit rate, and is paid quarterly. Adjusted capitation by disease was introduced in July 2022, for providers in level IV and V, as part of the phased implementation of the recommendations on the Health Financing Reforms Expert Panel (HEFREP) report (annex 2: Impact of risk-adjusted capitation). The facilities were required to file capitation returns for the preceding quarter, as part of the payment process.

Table: The essential diagnostic listing (category A lab investigations covered under capitation)

Hematology
Complete blood count (hemogram), Differential Blood Count, Erythrocyte Sedimentation Rate (ESR), blood grouping (ABO & Rhesus D), direct Coombs test (DCT), indirect Coombs test (ICT)
Hemoglobin (Hb) levels; HbA1c
Malaria: Plasmodium antigens, MPS
Sickling Disorders, Sickle cell testing
Microbiology/Parasitology
Routine examination of urine and stool
TB Microbiology: Ziehl-Neelsen (ZN) stain for acid fast bacilli; GeneXpert
Pregnancy testing in urine - HCG
Stool antigen testing e.g. salmonella stool antigen, H. pylori antigen
Serology
Bacterial infections: Group A streptococcal (GAS) infection - antistreptolysin O titres (ASOT), Syphilis (Treponema pallidum) serology, VDRL
HIV infection serology: Viral Load testing, HIV 1 and 2 antibody (anti-HIV Ab), Combined HIV antibody/p24 antigen (antiHIV/p24 Ag) - RDT, DBS, CD4 testing
Hepatitis A, B, C tests: Hepatitis B surface antigen (HBsAg), Hepatitis B e antigen (HBeAg), Antibodies to hepatitis C virus (HCV)
EBV serology
Clinical Chemistry
Kidney: renal function tests (urea, electrolytes and creatinine), urine albumin creatinine ratio (uACR), total calcium, ionized calcium, nitrogen
Hepatic and biliary function tests: ALT, AST, Albumin, GGT, ALP

Diabetes: glucose, glycated hemoglobin [hemoglobin A1c (HbA1c)], oral glucose tolerance tests
Thyroid Function Tests (TFTs: T3, T4, TSH)

Annex 2:

Table: Projected impact of risk adjusted capitation per quarter (standard of 1,000 and 40% risk adjustment)

Actual for Q4 21/22 FY using old rates	Actual for Q1 22/23 FY using Approved rates_scenario 1	Projection for Q1 22/23 FY using rates_scenario 2	% Change
1,751,919,650	1,353,730,601	1,706,620,600	26

Scenario 1: the adjustment be made for level IV and V only for all capitated members with diagnosed NCDs

Scenario 2: The adjustment be made for level IV and V for all capitated members regardless of the diagnosis.

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P.O. Box 4982-00200
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29th May 2023,
The Chairman,
Eng. Michael Kamau
National Hospital Insurance Fund
Board of Management
NHIF Building, Community Area, Ragati Road
P.O. BOX 30443-00100, Nairobi, Kenya

SUBJECT: BREACH OF AGREEMENT - NON-PAYMENT OF CAPITATION AMOUNTS

Dear Sir,

I am writing to bring to your attention a serious matter regarding the National Hospital Insurance Fund (NHIF) Board of Management's failure to fulfill its obligations outlined in the Agreement with healthcare providers, specifically clauses 1.3.1 and 1.3.2 of Schedule 1, pertaining to capitation payments.

Clause 1.3.1 clearly states that "*The Board undertakes to pay to the Health Facility, for a Beneficiary of the National Scheme, a Capitation amount of Kenya Shillings One Thousand (KES 1,000) per Beneficiary per annum within the first thirty (30) days of the capitated period.*" Similarly, clause 1.3.2 specifies that "*The Board undertakes to pay to the Health Facility, for a Beneficiary of the Managed Schemes without limits, a Capitation amount of Kenya Shillings Two thousand, Eight Hundred and fifty (KES 2,850) per Beneficiary per annum within the first thirty (30) days of the capitated period.*"

It has come to our attention that for the April-June 2023 quarter, the Board has failed to make the required payments to health facilities as of 29th May 2023. This non-payment represents a clear breach of our agreement. We must emphasize that despite receiving several letters and assurances from the Board since April 2023, indicating that the payments would be made, we have yet to receive any remittance.

As a result of the Board's failure to honor its financial commitments, the health facilities under the Rural Private Hospitals Association of Kenya (RUPHA) are left with no other recourse but to issue immediate notice that beneficiaries of the NHIF Capitated Schemes will be required to make cash payments in order to access services, effective from 31st May 2023.


We regret having to take this step, but it is necessary to ensure the continued provision of quality healthcare services to our patients.

The Comprehensive Care Society

Dr Brian Lishenga (Chairman) • Rev. Joseph Kariuki (Vice Chairman) • Mrs. Salome Mwaura (Secretary General) • Mr. David Shungu (Deputy Secretary General) • Mrs. Daisy Adalla (Treasurer) • Mrs. Pacifica Omambia (Deputy Treasurer) • Mr. Mohamud Amin (Ex Officio Member) • Ms. Cynthia Mukami (Administrator)

We kindly request urgent attention to this matter and immediate action to rectify the breach of agreement. We expect the outstanding capitation amounts for the April-June 2023 quarter to be paid to our member health facilities within the next seven (7) business days. Failure to do so may force us to explore further actions to protect the interests of our patients and our facilities.

We look forward to a prompt resolution of this issue and the reinstatement of regular and timely capitation payments as per our agreement. Your cooperation in this matter is greatly appreciated.

Please bring your attention.
Yours sincerely,

Dr. Brian Lishenga
Chairman, Executive Committee
Rural Private Hospitals Association of Kenya (RUPHA)

Sincerely,
Cc ENO & Associates Advocates
The C.E.O, NHIF
The Press.

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Ag CEO

There is acknowledge
that members were
making out of
pocket payments to
hospitals.

How does that
affect payment payment
of capitation in the
next Quarter?

From:

The Executive Committee
Rural Private Hospitals Association of Kenya (RUPHA)

16th June 2023

To
ALL RUPHA MEMBERS

Cc.
The Chairman,
Eng. Michael Kamau

The Ag. CEO
Dr. Samson Kuhora

National Hospital Insurance Fund
Board of Management
NHIF Building, Community Area, Ragati Road
P.O. BOX 30443-00100, Nairobi, Kenya

SUBJECT: NOTICE TO RUPHA MEMBER FACILITIES ON NORMALIZATION OF SERVICES TO NHIF BENEFICIARIES

NHIF has addressed the payment concerns raised by RUPHA. Most member health facilities have received capitation payments, with a few awaiting payments in select NHIF branches. We continue to engage NHIF to resolve these outstanding issues promptly.

NHIF has also started settling debts under the LINDA MAMA scheme and inpatient care claims. This demonstrates NHIF's commitment to addressing financial matters and improving healthcare.

Based on NHIF's actions, RUPHA advises member facilities to lift requirements for NHIF capitation beneficiaries to make out-of-pocket payments, showing our cooperation with NHIF's efforts.

We appreciate the support and understanding of RUPHA members in advocating for timely payments and ensuring quality healthcare for NHIF beneficiaries.

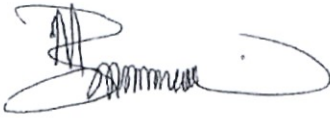
We thank NHIF for their cooperation and the Ministry of Health for their ongoing support. RUPHA remains committed to working with NHIF and stakeholders for effective settlement of claims and quality healthcare for all Kenyans.

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Please reach out to us for further information.

Best regards,



Dr. Brian Lishenga

Chairman, Executive Committee

Rural Private Hospitals Association of Kenya (RPHAK)

Cc. Chairman, NHIF Board of Management

Ag. CEO, NHIF



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Please reach out to us for further information.

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Chairman, Executive Committee
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RESPONSE ON CANCELLATION OF NHIF RECRUITMENT OF CEO AND DIRECTORS

The NHIF Board of Management during the 114th meeting held on 30th March 2023 resolved to commence the process of recruitment for the positions of chief executive officer and directors by placing advertisements in the daily newspapers. The Board further resolved that the services of a consultant be procured by management to assist the Board in undertaking this activity.

The advertisements for the positions were published in two major daily newspapers and on the NHIF website on 3rd April 2023 and the Board commenced its first meeting with the consultant on 25th April 2023 to confirm the terms of reference. The Board further held its 115th meeting held on 27th April 2023 when the boxes containing the physical applications and the emailed applications were handed over to the consultants. The Board observed that the number of applications received were :-

1. 83 enveloped applications were retrieved from the box marked chief executive officer,
2. 302 enveloped applications were retrieved from the box marked directors,
3. A total of 949 emailed applications were retrieved from the email, topmanagementrecruitment@nhif.or.ke, from the inbox and the junk folder.
4. Total for all applications were 1334.

Subsequently, the Board held another meeting with the consultants on the 8th of May 2023 to receive the inception report, which was expected to contain the inception report and the long list of all applications received. However, the Board noted the following :-

1. that the number had reduced from 1334 to 728 without justification but the report did not include explanations for the variance in numbers.
2. that the report included a short list but did not explain the criteria used to prepare the shortlist.

The consultants were directed to include the required information in the report as guided by the requirements in the advertisement and to include the qualifications. This would be presented to the Board during the meeting to be held on 17th May 2023.

On 17th May 2023, the Board noted that the report included the entire number of applications and a further shortlist. However, the report did not include the explanatory notes for the reduction in numbers and criteria used. The report also included the road map for the remainder of all activities including the timelines for carrying out the physical interviews and the psychometric tests.

On the 2nd of June 2023, the consultants presented the recruitment report to the Board. The report included the outcome of the psychometric and face to face interviews as carried out by the consultants.

However, the Board noted that the consultants mentioned that there were some discrepancies noted during the interviews both face and face and the psychometric but did not give the Board all the details on the discrepancies. The Board also noted that the results and purpose for psychometric tests were not clearly explained and did not bear any weight.

The Board then tasked its Governance and Human Resource Committee to review the report and to recommend the viability of the report for implementation. The Governance committee held its meeting on 7th June 2023 and determined that the report was not conclusive and did not contain information that would allow the Board to adequately assess the quality, integrity and suitability of the shortlisted candidates to transform the Fund and ensure delivery of UHC to all Kenyans. The committee recommended that the process be repeated.

The Board during its meeting held on 9th June 2023 resolved to partially adopt the committee's report on repeating the recruitment for the position of chief executive officer. However, the Board noted that the Fund may proceed with recruitment for the director positions as the most important person was the chief executive officer.

However, the Board during its meeting held on 20th June 2023, vacated its earlier resolution on recruitment and resolved to appoint an Ad Hoc Committee that would oversee the recruitment for the positions of chief executive officer and directors. The Board further resolved that they would seek support from the Public Service Commission in this recruitment process.

This process has already commenced with a request being sent to the Chairman of the Public Service commission on 21st June 2023 to nominate technical staff to assist the Board. Further the appointed Ad Hoc Committee held its first meeting on 23rd June 2023 to ascertain the contents of the advertisement which will be published on 27th July 2023 and will run for a period of 21 days to close on 19th July 2023.