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**Title: Narok County enacts the Health Services Improvement Fund (HSIF) Act to better health outcomes at the individual health facilities level**

County:	<b>Narok County</b>		
Sector/s:	<b>Health</b>	<b>Sub-sector/ Theme:</b>	<b>FIF ACT</b>
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Target Audience:	<b>Counties</b>		
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**Introduction (Context and Challenge):**

The former Facility Improvement Fund (FIF) Act, which was in use since 1989, had been instrumental in supporting hospital operations on a supplementary basis by retaining locally collected revenue and using it to improve the quality of health care services. With the devolution of health services after the promulgation of the Constitution of Kenya, 2010, and by provisions of the Public Finance Management (PFM) Act of 2012, hospitals could no longer utilize local revenue to supplement what the County Government availed.



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This resulted in serious operational challenges, including stock-out of essential medicines and medical supplies, lack of funds to hire contractual support staff, inability to carry out routine hospital repairs and maintenance, lack of data collection tools, shortage of fuel for the hospital generator and utility vehicles, and shortage of cleaning materials, among other challenges.

As a result, there was increased mortality and morbidity within the entire population of Narok County, coupled with costly referrals to other hospitals outside the County. This, therefore, necessitated a beginning of discussions on the need for a local law which would allow hospitals to use locally generated revenue to sustain and improve the quality of health care services.

### **Implementation of the practice (*Solution Path*):**

The formation of the Health Services Improvement Fund (HSIF) legislation started in 2013 with the formation of a technical health secretariat drawn from the County Health Management Team to draft the initial bill. The secretariat benchmarked in Nakuru, Kisii and Taita Taveta, the counties that had already passed the FIF legislation. The team critically reviewed the Acts from the three counties for what had worked and not worked.

The first draft bill was completed in 2015 and was subjected to various amendments. The Health Services Amendment Fund Bill was finalized and enacted in July 2017. After enactment, Narok initiated consultations and negotiations with the National Treasury on how to implement the Act.

The engagements with the County Treasury resulted in further amendments to the HSIF Act to align it with the Public Financial Management Act (PFMA) and weed out identified illegalities. This amendment process which took three years up to June 2020 was led by the Narok County legal team, and followed by finalization of the Act



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and its amendments before its implementation in March 2021, eight years after the process was initiated.

The HSIF Act was piloted at the Narok County Referral Hospital (NCRH) for a year up to March 2022. The Act is currently being implemented in two hospitals in Narok County. The Act aims to encompass all funds in health, including grants from the National Treasury, NHIF, Linda Mama and other conditional grants.

In the HSIF Act, the facilities retain 75% of the revenue while the remaining 25% is channeled towards supporting 13 components of Primary Health Care (PHC) activities as well as running the HSIF board and secretariat. To oversee the implementation, a board was created at the county level, complete with a chair, secretary and other key positions guided by clear Terms of Reference (TOR) and job descriptions as provided in the Act.

The former CECM for Health & Sanitation, Hon Vivian Sereti Mpetti, was very instrumental and played a critical role in lobbying for the passage of the Bill in the County Assembly and enactment of the Act.

### **Results of the practice (*outputs and outcomes*):**

#### **Autonomy**

Implementation of the HSIF Act at Narok County Referral Hospital (NCRH) has improved the autonomy of the facility by enabling the hospital to make independent decisions and actualize them due to increased resources. All departments are now part and parcel of managing the facility. This has enhanced health services delivery as evidenced by improved indicators, for example, an 8-month long period without a single incident of maternal mortality at the facility due to improved skilled delivery. The bed occupancy now ranges between 100% and 110%.

#### **Supplies**

Since the implementation of the Act, the County has spent Ksh 65



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million to ensure there is a constant supply of commodities at the facility. This has led to improved confidence with the suppliers.

The Narok County Referral Hospital is one of the facilities in the country reporting the highest number of surviving renal patients, an indicator of the quality of services offered at the Renal Unit. This is due to the constant flow of commodities in the hospital.

### **Infrastructural Development**

More than KSh 15 million has been used to improve the physical infrastructure of NCRH. This includes the purchase of an elevated 100,000-litre steel tank as well as revamping the Outpatient Unit. The whole facility has also undergone a facelift with fresh painting, more lighting, security cameras, TVs and plants/greenery to improve its general appeal. The appealing delivery rooms continue to attract more deliveries at the facility, with some patients equating it to the Kenyatta National Referral Hospital by saying, "*Hospitali ni kama Kenyatta*".

### **Innovations**

The increase of resources at NCRH has enabled the facility to initiate the automation of the Electronic Medical Records (EMR) Management System. The automation of EMR is anticipated to improve management of workload, management of stock-outs and security.

The facility has also introduced Income-Generating Activities (IGA), including a new car-wash business for supplementary revenue.

### **Human Resource**

A total of KSh 16.8 million was spent on hiring 82 staff on contract basis at NCRH. Thirty-two of these are healthcare workers across all cadres while the rest (50) are casual labourers. The facility has also supported eight staff to attend senior management courses as part of their continuing professional development.

### **Public Confidence**

There has been an increase in patient turnover due to improved



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services offered in Narok County Referral Hospital (NCRH). Increased revenue has increased expenditure flexibility of the hospital, especially from outreaches, staff motivation and blood drives extending to non-clinical services, including acquiring and servicing three vehicles, and purchasing a backup generator.

### **Lessons learnt**

- The process is long and requires a lot of legal and financial investment and support.
- Delayed disbursements of NHIF claims affected effective and timely planning.
- Partial implementation of the HSIF Act has led to over-dependency on capitation.

### **Recommendations (*Conclusion*):**

The following are success factors for the full implementation of HSIF Act:

- Amendment of the Public Finance Management (PFM) Act to strictly ring-fence health funds and devolve them to the County departments of health.
- COG should support the monitoring of the implementation of the HSIF Act and provide guidance on challenges as they emerge.
- COG and other partners should support the full implementation of the HSIF Act and scale up to the remaining hospitals in the County.
- Automate EMR to improve revenue collection.
- Organize learning/benchmarking among facilities in Narok County and even externally with other counties.
- COG should dialogue with the NHIF to deploy a more user-friendly system to fast-track claims counties in addressing their through.