

PAPER	96
Speaker No.	
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Clerk	
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P. C. A.	mess

REPORT

OF THE

PARLIAMENT
OF KENYA
LIBRARY

DEPARTMENTAL COMMITTEE

ON

HEALTH, HOUSING, LABOUR AND SOCIAL
WELFARE

PARLIAMENT BUILDINGS

OCTOBER, 1998

PART 1: INTRODUCTION.

Mr. Speaker, Sir, I am pleased to table before the House a report of the Departmental Committee on Health, Housing, Labour and Social Welfare to which the National Hospital Insurance Fund Bill, 1998 was committed pursuant to the requirement of the Standing Orders that a Bill be referred to the relevant Departmental Committee after First Reading.

Some of the functions of the Departmental Committees as established under Standing Order No.151 are:-

- (i) to study and review all legislation after First Reading, subject to the exemptions under Standing Order 101A(4).*
- (ii) 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 or a Minister.*
- (iii) to make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

Mr. Speaker, Sir, the National Hospital Insurance Fund Bill, 1998 was referred to the committee on 30th April, 1998 upon a motion moved by the Minister pursuant to the provisions of Standing Order No.101(1).

The Committee commenced its deliberations on the Bill on 12th June, 1998 and had Eight (8) Sittings. The Minister for Health accompanied by the Permanent Secretary in the Ministry, Director, National Hospital Insurance Fund and other Senior Officers in the Ministry attended two sittings of the Committee and gave an overview on the Bill.

The Committee also invited the following stakeholders, who gave their views on the Bill:-

- (i) Chairman, Kenya Medical Association
- (ii) Chairman, Kenya Pharmaceutical Association
- (iii) Executive Director, Kenyatta National Hospital
- (iv) Lord Einskillen, Managing Director, A.A.R. Health Services.
- (v) Mr Ian Flaney and Ms Millie Howard - USAID
- (vi) Mr. Ashok Shah, Chairman Association of Kenya Insurers

PART 11: PROPOSED AMENDMENTS

The Committee discussed the following amendments with the Minister for Health and agreed as follows:-

- Clause 4** (b) That Clause 4 be amended to provide that the Director of Medical Services be a member of the Board.
- (i) (i) that a representative nominated by the Insurance Industry be a member of the Board.
- (ii) that non-profit making hospitals be represented in the Board
- (j) that the Chairman of Kenya Medical Association be a member of the Board.
- Clause 10** That 2 new Sub-clauses be inserted:
- (i) That a sub-clause be introduced prescribing the qualifications of the Chief Executive.
- (ii) That the Chief Executive shall be appointed by the Board with the approval of the Minister.
- Clause 16** (c) that lawful deductions means statutory deductions
- Clause 18** 1(b) That Clause 18 be amended to provide that an employee shall not be liable to any penalty under this section for so long as he is employed by that employer
- Clause 20** (i) That Clause 20 be amended to provide the contributions to be on voluntary basis.
- (ii) that the Board makes regulations in respect of the voluntary contributions
- Clause 21** That Clause 21 be amended to provide that the issue of cards be decentralized to the district level
- Clause 22** (i) That Clause 22 be amended to provide that parents can contribute on voluntary basis
- (ii) that the Fund meets food and Boarding costs

Clause 24(2) That Clause 24(2) be amended to provide that any persons who print cards fraudulently be liable for a fine of one million shillings or imprisonment for five years or both

- Clause 25** (i) That Clause 25 be amended to provide that the fine be increased to 500,000/= and imprisonment be for three years
- (ii) that the suspension period be increased but not to exceed five years and the review by the Board be done after 24 months

PART III: ISSUES RAISED WITH THE MINISTER FOR HEALTH

The Committee discussed the following issues raised with the Minister for Health and agreed as follows:-

- (i) *that National Hospital Insurance Fund (NHIF) be opened up to competition and employees be given an opportunity to choose a package of their choice;*
- (ii) *that NHIF products be categorized such that contributors subscribe to packages they are able to afford, bearing in mind the income disparities of all workers;*
- (iii) *that the public be educated on the usage of Health Insurance Schemes;*
- (iv) *that the composition of the Board to incorporate experts in medical and insurance sectors;*
- (v) *that provision be made such that Maternity, Dental and Ocular services be covered by the Fund.*
- (vi) *that the Minister establishes a National Health Insurance Fund instead of National Hospital Insurance Fund.*

CONCLUSION

I would like to take this opportunity to thank the Members of the Committee for their dedication and commitment which they portrayed during the deliberations on the Bill.

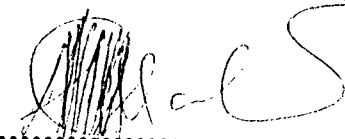
I also wish to thank the Minister for Health, his Permanent Secretary, the Director of Medical Services, the Director of National Hospital Insurance Fund, the Director of Kenyatta Hospital and the following stakeholders, for the invaluable assistance they accorded the Committee:-

- (i) Dr. Khama Rogo, the Chairman, Kenya Medical Association
- (ii) Lord Emskillen, Managing Director, A.A.R. Health Services
- (iii) Mr Ian Sliney and Ms Millie Howard - USAID
- (vi) Mr. Ashok Shah, Chairman, Association of Kenya Insurers

Mr. Speaker, Sir, The Committee found it very difficult to comply with the provisions of Standing Order No. 101A(1), which provide that a Departmental Committee to which a Bill is committed, produce its report to the House within seven (7) days. This was due to the size of the bill and the technical issues involved.

Mr. Speaker, Sir, the Minutes of the Sitzings of the Committee are attached to the report. The proposed amendments have been submitted to the Minister for consideration.

SIGNED



(Dr. the Hon. A.I. Ali, M.P.)
Chairman of the Departmental Committee
on Health, Housing, Labour and Social Welfare

DATE 7/10/98

APPENDIX

PART IV: MINUTES OF SITTINGS OF THE COMMITTEE:

MINUTES OF THE FIRST SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH, HOUSING, LABOUR AND SOCIAL WELFARE HELD IN CONFERENCE ROOM NO. 7, PARLIAMENT BUILDINGS, ON WEDNESDAY 13TH MAY, 1998 AT 11.00 A.M.

PRESENT

The following Members of the Committee were present:-

Dr. the Hon. A.H. Wako, M.P.
Hon. Mrs. Zipporah J. Kittony, M.P.
Hon. D. Noti Kombe, M.P.
Hon. Mohamed D. Weyrah, M.P.
Hon. Norman M.G.K. Nyagah, M.P.
Hon. J.J. Mugalla, M.P.
Hon. Joshua Toro, M.P.
Hon. George Nyanja, M.P.
Dr. the Hon. N.W. Kulundu, M.P.

IN ATTENDANCE

NATIONAL ASSEMBLY

Mr. J.K. Masya - Clerk of the National Assembly
Mr. P.G. Gichohi - Principal Clerk Assistant
Miss P.M. Mirungu - First Clerk Assistant

MINUTE NO. 1/98

INTRODUCTORY REMARKS BY THE CLERK OF THE NATIONAL ASSEMBLY

The Clerk of the National Assembly called the meeting to order and made introductory remarks on the Departmental Committees and their role in the Parliament.

He informed the Members that the Departmental Committees were a new phenomenon in the Kenyan Parliament and that all Bills, other than Finance Bills will stand referred to relevant committees after First Reading.

The Clerk further informed the Members that these Committees would assist the Back-benchers by giving them an opportunity to be involved in policy formulation and that they were advisory in nature. Members therefore were expected to adopt a persuasive approach in order to have the government of the day incline to their proposals.

MINUTE NO. 2/98

TERMS OF REFERENCE

The Clerk referred the Members to Standing Order No. 151 which provides *inter alia* the following as the terms of reference:-

- (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 the Ministries and departments and the effectiveness for the implementation;
- (c) to study and review all legislation after First Reading, subject to the exemptions under Standing Order 101A(4);
- (d) to study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with its stated objectives; fairness since all the committees would be ably represented by their chairmen.

The members further sought clarification on the possibility of a Minister not referring a Bill to the relevant Departmental Committee. The Clerk informed them that members had the powers, subject to Standing Order No.101A(i), to move that a Bill be committed to a Departmental Committee on its First Reading should the Minister fail to commit it thus.

MINUTE NO.3/98

ELECTION OF THE CHAIRMAN

The Members introduced themselves after which the Clerk conducted the election of the Chairman. Dr. the Hon. A.H. Wako was proposed by Hon. Mohamed Weyrah and seconded by Hon. Mrs. Zipporah Kittony. Hon. George Nyanja was then proposed by Hon. Joshua Toro but the former declined in favour of Hon. Wako. In the absence of any other proposals, Dr. the Hon. A.H. Wako was unanimously elected the Chairman.

Hon. A.H. Wako thereupon took the Chair and thanked the members for electing him and pledged his support and co-operation.

MINUTE NO.4/98

ANY OTHER BUSINESS

The Chairman referred the members to the National Hospital Insurance Fund Bill, which was due for discussion by the committee.

MINUTE NO.5/98

DATE OF NEXT MEETING

It was agreed that the next meeting would be held on Friday, 12th June, 1998 at 10.00 a.m. in Conference Room 7.

MINUTE NO.6/98

ADJOURNMENT

And the time being fifteen minutes past One O'clock, the Chairman adjourned the meeting until Friday 12th June, 1998 at 10.00 a.m.

CONFIRMED:
(CHAIRMAN)

DATE:

MINUTES OF THE SECOND SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH, HOUSING, LABOUR AND SOCIAL WELFARE HELD IN CONFERENCE ROOM NO. 7, PARLIAMENT BUILDINGS, ON FRIDAY 12TH JUNE, 1998 AT 10.00 A.M.

PRESENT

The following Members of the Committee were present:-

Dr. the Hon. A.H. Wako, M.P. (Chairman)
Hon. Mrs. Zipporah J. Kittony, M.P.
Hon. D. Noti Kombe, M.P.
Hon. Mohamed D. Weyrah, M.P.
Hon. Norman M.G.K. Nyagah, M.P.
Hon. J.J. Mugalla, M.P.
Hon. Joshua Toro, M.P.
Dr. the Hon. N.W. Kulundu, M.P.

ABSENT

Hon. George Nyanja, M.P.
Dr. the Hon. A.I. Ali, M.P.
Hon. Mrs. Charity K.M. Ngilu

IN ATTENDANCE

NATIONAL ASSEMBLY

Mr. P.G. Gichohi - Principal Clerk Assistant
Miss P.M. Mirungu - First Clerk Assistant

MINUTE NO.7/98

CONFIRMATION OF THE PREVIOUS MINUTES

The Minutes of the previous meeting held on 13th May, 1998 were approved by the members present and signed by the Chairman.

MINUTE NO.8/98

CONSIDERATION OF THE NATIONAL HOSPITAL INSURANCE FUND BILL, BILL NO.2 (1998)

The Committee after a lengthy deliberations resolved to consider the Bill Clause by Clause and that the following issues be raised with the Minister for Health.

- (i) that National Hospital Insurance Fund (NHIF) be opened up to competition and employees be given an opportunity to choose a package of their choice;
- (ii) that NHIF products be categorized such that contributors subscribe to packages they are able to afford, bearing in mind the income disparities of all workers;
- (iii) that the public be educated on the usage of Health Insurance Schemes;

- (iv) that the composition of the Board to incorporate experts in medical and insurance industries;
- (v) that provision should be made such that all women workers benefit from the insurance cover offered by the Fund.

MINUTE NO.9/98

PROPOSED AMENDMENTS TO NATIONAL HOSPITAL INSURANCE BILL, BILL NO.2 (1998)

The Committee agreed that the following proposed amendments be discussed with the Minister:-

Clause 4

- (b) that the Director of Medical Services be a member of the Board.
- (i)(i) that the Paramedics and the Nursing Council of Kenya be represented in the Board in place of professional Societies in East Africa;
- (ii) that clarification be provided by the Minister as to why membership of K.H.A. has been singled out.
- (j) that the Chairman of Kenya Medical Association be a member of the Board.

Clause 6

- (b) that a provision be made to clarify to what extent gifts, grants and donations would be acceptable without compromising the objectives and policies of the Fund.

Clause 10

that a new clause (3) be introduced to specify who appoints the Chief Executive.

Clause 15

- (i)(c) that a definition of the employee specifying whether the salary be computed monthly, daily or quarterly be made considering workers who are casuals or hired on contract basis.

Clause 16

- (2)(c) that a definition be given in regard to what is "lawful"

Clause 18

- (2) that a clarification of the Sub-Clause be given.

Clause 19

- (1) that, clarification be made as to the grading of the Fund's Insurance Packages.

MINUTE NO.10/98

DATE OF NEXT MEETING

It was agreed that the next meeting would be held on Friday, 19th June, 1998 at 9.00 a.m. in Conference Room 9.

ADJOURNMENT OF THE MEETING

And the time being forty five minutes past twelve O'clock,
the Chairman adjourned the meeting until Friday 19th June,
1998 at 9.00 a.m.

CONFIRMED:
(CHAIRMAN)

DATE:

MINUTES OF THE THIRD SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH, HOUSING, LABOUR AND SOCIAL WELFARE HELD IN CONFERENCE ROOM NO. 9, PARLIAMENT BUILDINGS, FRIDAY ON 19TH JUNE 1998 AT 9.00 A.M.

PRESENT:

The following members of the Committee were present:-

Dr. the Hon. A.H. Wako, M.P. (Chairman)
Hon. Mrs. Zipporah J. Kittony, M.P.
Hon. Noti Kombe, M.P.
Hon. Norman M.G.K. Nyagah, M.P.
Hon. Joshua Toro, M.P.
Dr. the Hon. N.W. Kulundu, M.P.
Dr. the Hon. A.I. Ali, M.P.
Hon. George Nyanja, M.P.

ABSENT:

Hon. Mrs. Charity K.M. Ngilu, M.P.
Hon. J.J. Mugalla, M.P.
Hon. Mohamed D. Werah, M.P.

IN ATTENDANCE

NATIONAL ASSEMBLY

Mr. P.G. Gichohi	-	Principal Clerk Assistant
Miss C. M. Mwambua	-	Senior Clerk Assistant
Miss P.M. Mirungu	-	First Clerk Assistant
Mr. D.K. Ziah	-	Second Clerk Assistant

MINUTE NO. 12/98

CONFIRMATION OF THE PREVIOUS MINUTES

The minutes of the previous meeting held on 12th June, 1998 were approved by the members present and signed by the Chairman.

MINUTE NO. 13/98

MATTERS ARISING

Members revisited clause 4, and proposed that the membership of the Board be expanded to include representation from the provinces.

MINUTE NO. 14/98

CONSIDERATION OF THE NATIONAL HOSPITAL INSURANCE FUND BILL (1998) CLAUSES 20 TO 43

The Committee agreed that the following proposed amendments be discussed with the minister:-

- Clause 20**
- (i) Contributions to be on voluntary basis.
 - (ii) That contributors be allowed to make lumpsum contributions and still get the

various services offered by National Hospital Insurance Fund.

- (iii) That the Board makes regulations in respect of voluntary contributions.

Clause 21

That cards be provided to ministries and departments for easier access by the contributors.

Clause 22

- (i) That the word 'dependant' include parents of the contributor who are not themselves contributors.
- (ii) That assurance be sought that dental and maternity expenses will be covered by the Fund.
- (iii) That part four (4) of the clause be amended so that the Fund meets expenses incurred on food and boarding.

Clause 24(2)

Punitive measures be taken against any persons who print cards fraudulently. They should be liable for a fine of one hundred Thousand (100,000/=) or 12 months imprisonment or both.

Clause 25(3)

- (i) The committee suggested that the fine be increased to 500,000/=
- (ii) That the suspension be for a period of 24 months and that the Board reviews the suspension after 18 months.

Clause 30

That any hospital or nursing home registered with the Ministry of Health should qualify for the Act.

Clause 37(10)

That the period for the submission of the Board report by the minister be 9 months.

SECOND SCHEDULE

- (i) that appointment of the Chairman of the Board be discussed with the Minister.

MINUTE NO.15/98

Any Other Business

- (i) That other professional and interested parties meet the committee to offer technical advise on the Bill and the meeting with the minister to follow.

MINUTE NO.16/98

ADJOURNMENT OF THE MEETING

And the time being five minutes past twelve o'clock, the chairman adjourned the meeting until Friday 10th July 1998 at 9.00.

Chairman: _____

Date: _____

MINUTES OF THE FOURTH SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH, HOUSING, LABOUR AND SOCIAL WELFARE HELD IN CONFERENCE ROOM NO. 9, PARLIAMENT BUILDINGS ON FRIDAY 10TH JULY 1998 AT 9.00 A.M.

PRESENT:

The following members of the Committee were present:-

Dr. the Hon. A.H. Wako, M.P. (**Chairman**)
Hon. Mrs. Zipporah J. Kittony, M.P.
Hon. Noti Kombe, M.P.
Hon. Norman M.G.K. Nyagah, M.P.
Hon. Joshua Toro, M.P.
Dr. the Hon. N.W. Kulundu, M.P.
Hon. George Nyanja, M.P.

ABSENT:

Hon. Mrs. Charity K.M. Ngilu, M.P.
Hon. J.J. Mugalla, M.P.
Hon. Mohamed D. Werah, M.P.
Dr. the Hon. A.I. Ali, M.P.

IN ATTENDANCE

NATIONAL ASSEMBLY

Mr. P.G. Gichohi	-	Principal Clerk Assistant
Miss C. M. Mwambua	-	Senior Clerk Assistant
Miss P.M. Mirungu	-	First Clerk Assistant
Mr. D.K. Ziah	-	Second Clerk Assistant

MINISTRY OF HEALTH

Hon. J.I. Kalweo, M.P.	-	Minister for Health
Mr. S.M. Mbova, CBS	-	Permanent Secretary, Ministry of Health
Mrs. M. Kuria	-	Deputy Secretary
Prof. J.S. Meme	-	Director of Medical Services
Mr. P.C.A. Kifeli	-	Director, National Hospital Insurance Fund
Mr. S. Kuguru	-	Deputy Secretary
Dr. C.K. Mailu	-	Assistant Director of Medical Services

MINUTE NO. 17/98

CONFIRMATION OF THE PREVIOUS MINUTES

The minutes of the previous meeting held on 19th June, 1998 were approved by the members present and signed by the Chairman.

AN OVERVIEW BY THE MINISTER FOR HEALTH

In a brief overview of the Ministry of Health, the Minister expressed the following sentiments:

- (i) that, efforts have been made to upgrade Kenyatta National Hospital, the major referral hospital in the country to a competitive status with the private hospitals.
- (ii) that, consideration is being made to decentralise services at Kenyatta National Hospital to minimize congestion.
- (iii) that, the drug supply situation has greatly improved. A machinery will be put in place to curb the stealing of drugs through surveillance by inspectors and the use of security officers. The Minister added that the success in fighting such vices will depend on the political will and support of the public.

Other efforts to combat drug stealing will be:-

- (a) to establish where private practitioners get their supplies from; tagging of government drugs with the Government of Kenya (G.K) seal;
- (b) to Penetrate all the cartels and close any 'Panya routes' through which drugs find their way out of Government Hospitals leaving patients and hospitals without drugs.
- (c) Proper tendering procedures to be followed.
- (iv) On the supply of low quality drugs to the market, the Minister sited the setting up of National Quality Control Laboratory by German Technical Cooperation (G.T.Z) meant to test the quality of drugs coming into the country. Also the University of Nairobi has a department which does the same.
- (v) Both the Committee and Minister noted with great concern the underfunding of the Ministries during the budget.

PAPER LAID

The Minister in his brief to the Committee laid a paper detailing the objectives and reasons for the new Bill.

MINUTE NO.20/98

ISSUES RAISED WITH THE MINISTER

The following issues raised with the Minister for Health were agreed to:-

- (i) that National Hospital Insurance Fund (NHIF) be opened up to competition and employees be given an opportunity to choose a package of their choice;
- (ii) that NHIF products be categorized such that contributors subscribe to packages they are able to afford, bearing in mind the income disparities of all workers;
- (iii) that the public be educated on the usage of Health Insurance Schemes;
- (iv) that the composition of the Board to incorporate experts in medical and insurance sectors;
- (v) that provision should be made such that all women workers benefit from the insurance cover offered by the Fund.

MINUTE NO.21/98

PROPOSED AMENDMENTS DISCUSSED WITH THE MINISTER

The following amendments proposed by the Committee members were discussed with the minister and agreed to :-

Clause 4(b) that the Director of Medical Services be a member of the Board.

- (i)(i) that the Paramedics and the Nursing Council of Kenya be represented in the Board in place of professional Societies in East Africa;
- (ii) that the membership of Kenya Hospital Association be expanded to include other hospitals.

(i) that the Chairman of Kenya Medical Association be a member of the Board.

Clause 6

- (b) that a provision be made to clarify to what extent gifts, grants and donations would be acceptable without compromising the objectives and policies of the Fund.

Clause 10 that a new clause (3) be introduced to specify who appoints the Chief Executive.

Clause 15 (i)(c) that a definition of the employee specifying whether the salary should be computed monthly, daily or quarterly be made considering workers who are casuals or hired on contract basis.

Clause 16 It was agreed that the Clause be referred to the Attorney-General for further definitions and clarifications as to what is "lawful"

Clause 18 It was agreed that the Clause be referred to the Attorney-General for further clarifications of the Sub-Clause

Clause 19 It was agreed that the Clause be referred to the Attorney-General Chambers for further clarifications to the grading of the Fund's Insurance Packages.

Clause 20 (i) Contributions to be on voluntary basis.
(ii) That contributors be allowed to make lump sum contributions and still get the various services offered by National Hospital Insurance Fund.
(iii) That the Board makes regulations in respect of voluntary contributions.

Clause 21 That cards be provided to ministries and departments for easier access by the contributors.

Clause 22 (i) That the word 'dependant' include parents of the contributor who are not themselves contributors.
(ii) That assurance be sought that dental and maternity expenses will be covered by the Fund.
(iii) That part four (4) of the clause be amended so that the Fund meets expenses incurred on food and boarding.

Clause 24(2) Punitive measures be taken against any persons who print cards fraudulently. They should be liable for a fine of one hundred Thousand (100,000/-) or 12 months imprisonment or both.

Clause 25(3)

- (i) The committee suggested that the fine be increased to 500,000/=
- (ii) That the suspension be for a period of 24 months and that the Board reviews the suspension after 18 months.

Clause 30

That any hospital or nursing home registered with the Ministry of Health should qualify for the Act.

Clause 37(10)

That the period for the submission of the Board report by the minister be 9 months.

SECOND SCHEDULE

- (i) the Minister noted the sentiments of the Committee regarding the appointment of the Chairman of the Board

MINUTE NO.22/98

Any Other Business

The Committee report will be laid before the House before the Bill is read a Second time.

MINUTE NO.23/98

ADJOURNMENT OF THE MEETING

And the time being five minutes past twelve o'clock, the chairman adjourned the meeting until Friday 17th July 1998 at 10.00 O'clock.

CONFIRMED:
(CHAIRMAN)

DATE:

MINUTES OF THE FIFTH SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH, HOUSING, LABOUR AND SOCIAL WELFARE HELD IN CONFERENCE ROOM NO. 9, PARLIAMENT BUILDINGS ON FRIDAY 17/II JULY 1998 AT 10.00 A.M.

PRESENT:

The following members of the Committee were present:-

Dr. the Hon. A.I. Ali, M.P. (Chairman)
Hon. Mrs. Zipporah J. Kittony, M.P.
Hon. Noti Kombe, M.P.
Hon. Norman M.G.K. Nyagah, M.P.
Hon. Joshua Toro, M.P.
Dr. the Hon. N.W. Kulundu, M.P.
Hon. J.J. Mugalla, M.P.

ABSENT:

Hon. Mrs. Charity K.M. Ngilu, M.P.
Hon. George Nyanja, M.P.
Hon. Mohamed D. Werah, M.P.

IN ATTENDANCE

NATIONAL ASSEMBLY

Mr. P.G. Gichohi	-	Principal Clerk Assistant
Miss C. M. Mwambua	-	Senior Clerk Assistant
Miss P.M. Mirungu	-	First Clerk Assistant
Mr. D.K. Ziah	-	Second Clerk Assistant

MINISTRY OF HEALTH

Hon. J.I. Kalweo, M.P.	-	Minister for Health
Mr. S.M. Mbova, CBS	-	Permanent Secretary, Ministry of Health
Mrs. M. Kuria	-	Deputy Secretary
Mr. P.C.A. Kilel	-	Director, National Hospital Insurance Fund
Dr. C.K. Mailu	-	Assistant Director of Medical Services

MINUTE NO.24/98

CONFIRMATION OF THE PREVIOUS MINUTES

The minutes of the previous meeting held on 10th July, 1998 were approved by the members present and signed by the Chairman.

MINUTE NO.25/98

ELECTION OF THE CHAIRMAN

The Committee unanimously elected Hon. Dr. A.I. Ali as the Chairman in place of Dr. the Hon A.H. Wako who had relinquished his post on being appointed to a ministerial position.

RECOMMENDATIONS BY THE MINISTER ON
PROPOSED AMENDMENTS

The Minister recommended the following:-

- Clause 4 (b) that the Permanent Secretary for Health and the Director of Medical Services be a member of the Board.
- (i) that the medical profession is over represented and recommended a representative from Association of Kenya Insurers to represent the insurance industry.
- (ii) that a representative be drawn from non-profit making hospitals in place of Kenya Hospital Association.
- (j) that the Chairman of Kenya Medical Association be a member of the Board.
- Clause 6 (b) that the clause is legally acceptable in law and therefore cannot be changed but gave the assurance that the integrity of the Fund will not be compromised.
- Clause 10 the Minister noted the sentiments of the Committee.
- Clause 15 (i)(c) that salaries would be computed monthly but other modes of contribution would be catered for under the voluntary contribution scheme.
- Clause 16 that "lawful" should read statutory deductions.
- Clause 18 2(b) that all the words beginning with 'but' up to the end of the sub-clause be deleted.
- Clause 19 that it would be premature to introduce insurance packages at this stage.
- Clause 20 (i) that contributions be on voluntary basis.
- (ii) that since the scheme is meant to benefit low income groups, lumpsum payments from contributors may not be possible.
- (iii) that the Board would make regulations in respect of voluntary contributions.
- Clause 21 that the board had already decentralised its services to Provincial and several district headquarters and that the process was on-going to cover the whole country.

- Clause 22** (i) that parents should not be included as dependants but be allowed to contribute as voluntary contributors.
- (ii) that the dental and maternity expenses be re-visited at a later date.
- (iii) that sub-clause 4 be deleted.

Clause 24(2) that a new clause on illegal printing of cards be introduced and that minimum fine be Kenya Shillings One million carrying a sentence of not more than five (5) years.

- Clause 25(3)** (i) That the fine be increased to Kshs.500,000/= or three (3) years imprisonment.
- (ii) That the suspension be for a period not exceeding 5 years and that the Board reviews the suspension after 24 months.

Clause 30 That the proposed amendments would not be suitable since the Fund has drawn its own regulations and set conditions which hospitals have to meet before being approved for accreditation.

Clause 37(10) That the period for the submission of the Board report by the Minister be 9 months.

SECOND SCHEDULE

That the chairman be appointed by the Minister.

MINUTE NO.27/98

ANY OTHER BUSINESS

- (i) It was agreed that the Minister would consider changing the title of the Fund to National Health Insurance Fund.
- (ii) The secretariat would prepare the draft Report of the Committee for presentation to the Committee on Friday 24th July, 1998.
- (iii) The Committee agreed that the following Stakeholders be invited to meet the Committee on Friday 24th July, 1998 at 9.00 a.m.
- (a) Chairman, Kenya Medical Association
 - (b) Chairman, Kenya Pharmaceutical Association
 - (c) Director, Kenyatta National Hospital

It was further agreed that the following would brief the Committee on Tuesday 28th July, 1998 at 9.00 a.m.

- (a) Lord Einskillen - Africa Air Rescue
- (b) Mr. Ian Sliney
Ms. Millie Howard - USAID
- (c) Chairman - Association of Kenya Insurers

(iv) Dr. Hon. Kulundu supplied to the Committee a draft critique on the National Hospital Insurance Bill for the attention of Members.

MINUTE NO.28/98

ADJOURNMENT OF THE MEETING

And the time being twenty five minutes past twelve o'clock, the chairman adjourned the meeting until Friday 24th July 1998 at 9.00 O'clock.

CONFIRMED:
(CHAIRMAN)

DATE:

MINUTES OF THE SIXTH SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH, HOUSING, LABOUR AND SOCIAL WELFARE HELD IN CONFERENCE ROOM NO. 9, PARLIAMENT BUILDINGS ON FRIDAY 24TH JULY 1998 AT 9.00 A.M.

PRESENT:

The following members of the Committee were present:-

Hon. Mrs. Zipporah J. Kittony, M.P.
Hon. Norman M.G.K. Nyagah, M.P.
Hon. Joshua Toro, M.P.
Dr. the Hon. N.W. Kulundu, M.P.
Hon. J.J. Mugalla, M.P.

ABSENT WITH APOLOGY

Dr. the Hon. A.I. Ali, M.P. (Chairman)

ABSENT WITHOUT APOLOGY

Hon. Mrs. Charity K.M. Ngilu, M.P.
Hon. George Nyanja, M.P.
Hon. Mohamed D. Werah, M.P.
Hon. Noti Kombe, M.P.

IN ATTENDANCE

NATIONAL ASSEMBLY

Mr. P.G. Gichohi	-	Principal Clerk Assistant
Miss C. M. Mwambua	-	Senior Clerk Assistant
Miss P.M. Mirungu	-	First Clerk Assistant

KENYATTA NATIONAL HOSPITAL

Dr. A.K. Muita	-	Director, Kenyatta National Hospital
George N. Mwangi		
Martin Oluoch		

KENYA MEDICAL ASSOCIATION

Dr. Khama Rogo	-	Chairman, Kenya Medical Association
Prof. Peter Mokuu Nyarang'o		
Dr. Charles Moringo		

MINUTE NO.29/98

CONSIDERATION OF THE NATIONAL HOSPITAL INSURANCE FUND BILL (BILL NO. 2)

The Director of Kenyatta National Hospital accompanied by Messrs G.N. Mwangi and Martin Oluoch informed the committee as follows:-

- (i) The National Hospital Insurance Fund Bill does not address the issue of other alternative Health Insurance Funds and that there is need to broaden participation of alternative health schemes.
- (ii) The criteria for setting up rebates should be graduated bearing in mind Government funded hospitals whose services are not taken into account when awarding the same. With the advent of liberalization (cost sharing) their services can be valued. The cost per overnight stay at Kenyatta National Hospital is over Kshs. 1000 while the Fund only awards Kshs. 450 per night
- (iii) There is need for public awareness such that contributors are well informed about their benefits as contributors. This would reduce the high number of invalid claims presented by patients which are normally not honoured by the Fund and thereby causing heavy losses to the hospitals concerned.
- (iv) Kenyatta National Hospital alongside other public hospitals should be given preference when the fund starts investing in equipment in various hospitals. The Fund should also look at the possibility of constructing health facilities or funding cost sharing initiatives such that special cases like the HIV and children could be exempted from paying.

The Chairman of Kenya Medical Association Dr. Khama Rogo accompanied by Prof. Peter Mokuu Nyarang'o and Dr. Moringo thereafter reported the following to the committee:

- (i) What the country needs at this stage is a Health Insurance Bill and not a Hospital Insurance Bill since health is all encompassing and allows participation from all sectors both private and public. There is need to open up the Fund to competition as this would enhance efficiency and accountability.
- (ii) The context and philosophy of the Bill are wanting since its memorandum and objects do not reflect the policies of the government towards reform - focusing on prevention and non-involvement in health care.
- (iii) (i) There is need for the Board to be independent whereby appointments should be done from a list of individuals vetted by the players.

- (ii) The singling out of Kenya Hospital Association leaves a host of other hospitals whose views are not represented. Associations like the Christian Health Association of Kenya, Aga Khan Foundation and religious sponsored hospitals should be represented.
- (iii) A representative should also be drawn from the Insurance movement .
- (iv) The Chief Executive should have prescribed qualification and a technical background.
- (v)
 - (i) To encourage transparency and minimize opportunities for fraud, fines imposed should be deterrent.
 - (ii) Auditing of Accounts should be done within a particular time frame.
 - (iii) Hospitals under the Act should be given rebates commensurate with the services rendered irrespective of whether they are private or public.
 - (iv) A Health Insurance Act should encourage the departure from the traditional hospital to ambivalent care such that hospitals keep patients less in hospitals.

In his introduction, Prof. Nyarang'o informed the committee as follows:-

A Health Insurance scheme is essentially meant to boost medical, economic and quality health service sustainance. It gives an opportunity for all to participate in health insurance while offering participants choice as to which insurance package to subscribe to. The participant also has a right to enjoy value for money.

The Committee was informed as follows:-

- (i) That there is an inverse imbalance in the present mechanism for reimbursement whereby those who can afford high cost hospitals end up being reimbursed more. High rebates are usually given to expensive hospitals

leaving the poor contributors unprotected.

- (ii) Provisions missing in the Bill.
 - (i) The Bill is silent on how poor quality service would be penalized in hospitals accredited to the Fund.
 - (ii) There is need to redress the imbalance created by the current mode of reimbursement where Government hospitals get less and private hospitals are paid the bulk.
 - (iii) The Fund is an entity in itself and contributors have no avenue of expressing their dissatisfaction. To ensure the maximum capacity, the Fund has to be opened up to competition and/or ensure it has an independent Board whose employees are direct appointees of the Board.
 - (iv) The Fund has a surplus of Kshs.2billion invested in diverse financial institutions. Investment Policy should therefore strictly require the Fund to invest fully in Treasury Bills and Government Bonds.
- (iii) In the absence of a Health Insurance Act, there is need for a comprehensive Act to regulate the NHIF along with other health insurance schemes operating in the country. This act would provide for an independent commission which would oversee the activities of the health insurance industry.
- (iv) There is also need to have Health Insurance defined in the Insurance Act. Issues like membership, accredited Insurance Funds, minimum packages, providers (of services), safeguarding of members' contributions and offences should be stipulated in the said Act.

The Committee recommends the enactment of an overall Health Insurance Act under which National Hospital Insurance Fund would operate. The Act would also supervise all health schemes

in the country and ensure that quality service is rendered by the providers.

MINUTE NO.30/98

ADJOURNMENT OF THE MEETING

And the time forty minutes past twelve o'clock, the acting chairman Dr. Hon. Kulundu adjourned the meeting until Tuesday 28th July 1998 at 9.00 O'clock.

CONFIRMED:
(CHAIRMAN)

DATE:

MINUTES OF THE SEVENTH SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH, HOUSING, LABOUR AND SOCIAL WELFARE HELD IN CONFERENCE ROOM NO. 9, PARLIAMENT BUILDINGS ON FRIDAY 31ST JULY, 1998 AT 10.00 A.M.

PRESENT:

The following members of the Committee were present:-

Dr. the Hon. A.I. Ali, M.P. (Chairman)
Hon. Mohamed D. Werah, M.P.
Hon. Fredrick M. Kalulu, M.P.
Hon. Norman M.G.K. Nyagah, M.P.
Dr. the Hon. N.W. Kulundu, M.P.
Hon. George Nyanja, M.P.
Hon. Joshua Toro, M.P.

ABSENT

Hon. Mrs. Charity K.M. Ngilu, M.P.
Hon. Mrs. Zipporah J. Kittony, M.P.
Hon. David Noti Kombe, M.P.

IN ATTENDANCE

NATIONAL ASSEMBLY

Ms P.M. Mirungu - First Clerk Assistant
Mr. David K. Ziah - Second Clerk Assistant

AFRICA AIR RESCUE

Lord Emskillen - Managing Director
Dr. Dedan G. Wanene - Deputy Medical Director

ASSOCIATION OF KENYA INSURERS

Mr. Ashok Shah - Chairman
Mr. Ongayo Akoth - General Manager

UNITED STATE AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

Miss Millie Howard
Mr. Ian Sliney

MINUTE NO.31/98

CONSIDERATION OF THE NATIONAL HOSPITAL INSURANCE FUND BILL (BILL NO. 2)

Miss Millie Howard of the United States Agency for International Development (USAID) accompanied by Mr. Ian Sliney, the Chief of Party, APHIA Financing and Sustainability Project, Ministry of Health informed the committee as follows:-

- (i) That USAID in conjunction with the Government of Kenya has invested heavily in efforts to improve the financing of the Health sector and hence considers itself as a stakeholder in the Bill.
- (ii) That the issue of the proposed investment policy as stipulated in the Bill is unsafe and inappropriate, and that the excess balance should instead be converted to direct patient benefits.
- (iii) That the Fund as the provider should ensure the following are adhered to:-
 - (a) instituting internal controls to search for and limit provider cost inflation and fraudulent claims;
 - (b) enforcing penalties and ensure members have recourse;
 - (c) eliminating the systematic discrimination against Ministry of Health facilities in reimbursement policies and practices;
 - (d) instituting measures to deal with the explosive growth of private sector nursing homes;
 - (e) instituting penalties for poor quality care as well as mechanisms for quality assurance review;
- (iii) The Fund should also ensure:
 - (a) accessibility of the poor, disadvantaged and non salaried as well as those using Ministry of Health facilities.
 - (b) that reimbursements are related to real costs of care and that they provide incentives for quality care.
- (iv) The Bill is narrow in scope and the following steps would help broaden the scope of the Bill:
 - (a) That the Bill should embrace national and private health insurance schemes;
 - (b) That the Bill should have a clear projection of medical care to the next century;

- (c) That the Bill should include the principles of social health care such as the creation of an institutional framework to regulate both private and public insurance schemes.

The Chairman of the Association of Kenya Insurers, Mr. Ashok Shah, accompanied by Mr. Ongayo Akoth, the General Manager made the following remarks on the Bill:-

- (i) That the Bill presents an opportunity to improve health benefits to the contributors though several issues remain unresolved:-
 - (a) the philosophy behind the Bill is obscure since the country ought to be addressing greater use of potentially more cost effective health care-a shift from secondary to primary (preventive) health care;
 - (b) the insurance industry anticipated privatisation of the NHIF in line with the Government Policy on economic liberalisation and views the creation of the parastatal as back-tracking on the part of the Government from its commitment to the liberalisation course;
 - (c) The Government should curb the existence of health providers who practice independently without registration or regulation;

The Chairman thereafter proposed the following amendments:-

- (i) **Clause 4(1)**
 - (a) that the insurance industry be represented in the Board.
 - (b) that the Board could be made independent by introducing a sub-clause requiring the President to appoint from a list of individuals.
- (ii) **Clause 10(1)** That a sub-clause be introduced prescribing the qualifications of the Chief Executive.

- (iii) **Clause 20(1)** That a sub-clause be introduced to allow an employer to opt out of the scheme as long as he can provide a superior cover than that offered by the Fund. The Bill should therefore set out criteria and conditions on the above.
- (iv) **Clause 22(2)** that the Bill should set out controls to check fraudulent claims as the number, size and frequency of claims will be enormous and the cost of providing this benefit might be very high.
- (v) **Clause 22(3)** That a sub-clause be introduced to regulate and limit charges on various medical services by categorising and standardising the services.
- (vi) **Clause 34(1)(a)** That the Board does not have any significant expertise in purchasing hospital equipment. The Fund should therefore enhance benefits to consumers instead of investing since it does not even stipulate any investment policy or guidelines.

He further proposed that in the absence of an overall policy, the Bill remains unfocussed. He therefore called for policy driven objectives in the Bill to enable all participants to be involved.

Lord Einsikillen, Managing Director, African Air Rescue, accompanied by the Deputy Medical Director, Dr. Dedan G. Munene, informed the Committee that provision of Health Care was a dream that must not be abandoned. He called for flexibility in the Bill in order to allow for diversity such that different points of approach could be accommodated.

He further informed the Committee that there was need for an overall Health Insurance Act which would regulate all players in the Medical Insurance field. He further reiterated the rationale for having a third Party in the Provision of health care in order to ensure optimum yields in consumer

welfare.

MINUTE NO.32/98

PAPERS LAID

The following Papers were laid before the committee:-

1. Observations by the USAID regarding the Bill.
2. A memorandum on the National Hospital Insurance Fund Bill by the Association of Kenya Insurers.

MINUTE NO.33/98

ADJOURNMENT OF THE MEETING

And the time five minutes past One O'clock, the Chairman Dr. Ali adjourned the meeting.

CONFIRMED:
(CHAIRMAN)

DATE:

MINUTES OF THE EIGHTH SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH, HOUSING, LABOUR AND SOCIAL WELFARE HELD IN CONFERENCE ROOM NO. 7, PARLIAMENT BUILDINGS ON WEDNESDAY 7TH OCTOBER, 1998 AT 3.00 P.M.

PRESENT:

The following members of the Committee were present:-

Dr. the Hon. A.I. Ali, M.P. (Chairman)
Hon. Mohamed D. Werah, M.P.
Hon. Fredrick M. Kalulu, M.P.
Hon. Norman M.G.K. Nyagah, M.P.
Dr. the Hon. N.W. Kulundu, M.P.
Hon. Mrs. Zipporah J. Kittony, M.P.
Hon. David Noti Kombe, M.P.
Hon. Joshua Toro, M.P.

ABSENT

Hon. Mrs. Charity K.M. Ngilu, M.P.
Hon. George Nyanja, M.P.
Hon. J.J. Mugalla, M.P.

IN ATTENDANCE

NATIONAL ASSEMBLY

Mr. P.G. Gichohi	-	Principal Clerk Assistant
Ms P.M. Mirungu	-	First Clerk Assistant
Mr. David K. Ziah	-	Second Clerk Assistant

MINUTE NO.34/98

CONFIRMATION OF PREVIOUS MINUTES.

Minutes of the previous meeting held on 31st July, 1998 were approved by the Members present and signed by the Chairman.

MINUTE NO.35/98

CONSIDERATION OF THE INTERIM REPORT OF THE COMMITTEE ON THE NATIONAL HOSPITAL INSURANCE FUND BILL (BILL NO.2)

The Committee agreed that the following be included in the Report:

- (i) A Sub-clause be included in clause 10 of the report to specify the qualification of the Chief Executive.
- (ii) That provision be made in part III of the report as follows:-
 - (i) that provisions be made such that Maternity, Dental and Ocular services be covered by the Fund.

- (ii) that the Minister establishes a National Health Insurance Fund to replace the National Hospital Insurance Fund.

MINUTE NO.36/98

ADJOURNMENT OF THE MEETING

And the time being fifteen minutes to Five O'clock, the Chairman Dr. Ali adjourned the meeting.

CONFIRMED:
(CHAIRMAN)

DATE: