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SHOPS
Strengthening Health Outcomes
through the Private Sector



Private Sector Perspectives in Kenya: **HIV** 

SNAPSHOT

50% of health facilities are private

Private sector contributes to **33%** of HIV spending

Out-of-pocket expenditures comprise **85%** of all private spending on HIV

80% of Kenyans do not have health insurance



In Kenya, nearly 407,000 people living with HIV currently receive antiretroviral therapy. While this is a notable achievement, incidence of new infections remains high with many individuals still unable to access HIV treatment (NASCOP, 2014). Kenya faces the challenge of how to sustainably finance ART for newly eligible patients while maintaining lifelong treatment for those receiving care. While overall spending on HIV has increased, the uncertainty of future donor and government spending raises concern for the prospect of funding shortfalls. Over the next decade, the HIV funding gap will significantly grow, creating a need for new and more efficient ways to sustain the HIV response (UNAIDS, 2013).

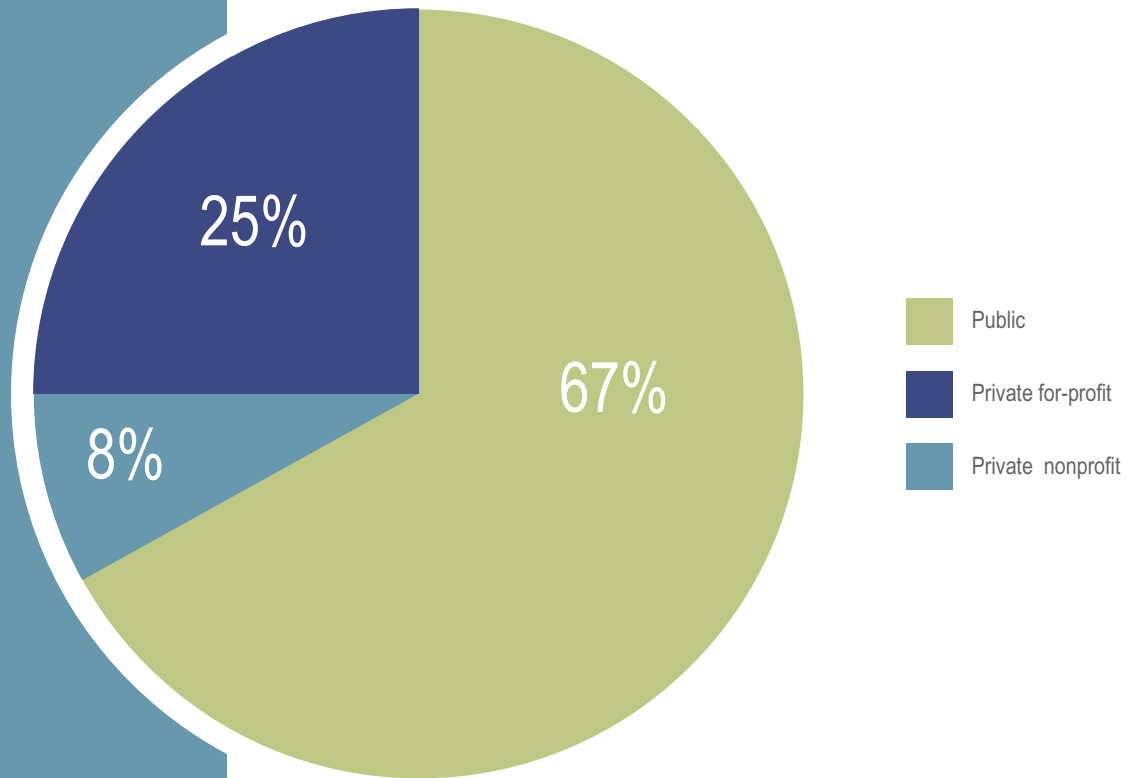
This booklet provides a snapshot of the role of the private sector in financing HIV care, illustrating why this sector should have a greater role in sustaining gains and mitigating financial risks to Kenyans living with HIV.

The private sector plays an important role in the provision and financing of HIV services

Kenya has a vibrant private health sector (both for-profit and nonprofit), comprising half of all facilities in the country. The use of the private sector for HIV counseling and testing is significant. Thirty-three percent of clients obtain these services through the private sector, including 25 percent from for-profit health facilities.

Given that the private sector is an important source of health care in Kenya, it is not surprising that a substantial proportion—37 percent—of all HIV funds spent in hospitals and health centers is spent in private facilities. In particular, the nonprofit sector has served as the dominant channel for donor funding in the national HIV response.

More than one-third of clients obtain HIV testing and counseling services through the private sector



HIV testing by facility type

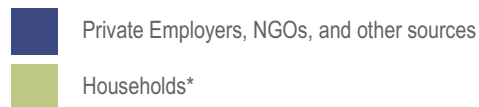
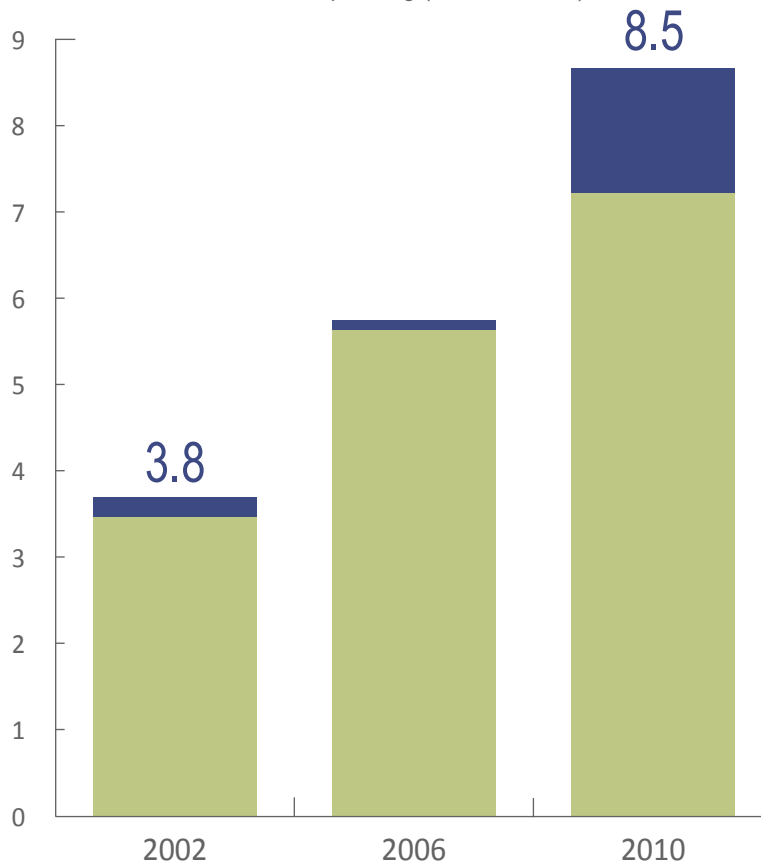
Source: Kenya Demographic and Health Survey 2008-09

Private financing of HIV services jumped from approximately Ksh 3.8 billion in 2002 to Ksh 8.5 billion in 2010. Employer groups and NGOs increased their financial contributions toward HIV service provision from an estimated Ksh 202 million to Ksh 1.2 billion. However, a greater burden was placed on Kenyans living with HIV, as their direct out-of-pocket expenditures (80 percent), contributions to the National Hospital Insurance Fund (18 percent), and contributions to private insurance (2 percent) comprised approximately one-fourth of all HIV spending in 2010, and 85 percent of all private spending on HIV.

NOTE: Data from the 2002, 2006, and 2010 national health accounts reports have been updated into 2010 Kenyan shillings using gross domestic product deflator estimates from the IMF World Economic Outlook database.

Private spending on HIV doubled between 2002 and 2010

HIV health spending (in billions Ksh)



*Out-of-pocket payments, contributions to the National Hospital Insurance Fund, and private health insurance

Source: Kenya National Health Accounts 2001–02, 2005–06, 2009–10



Out-of-pocket spending on HIV increases the financial burden and risk placed on HIV patients

Out-of-pocket spending accounts for 80 percent of all household spending on HIV. Additionally, 80 percent of Kenyans lack health insurance (Deloitte, 2011), placing individuals and households at financial risk. Treatment costs of HIV, AIDS, and associated illnesses (such as tuberculosis and other opportunistic infections) pose a unique financial burden on national programs and on individual patients. With greater access to HIV treatment, more people are living longer and will require affordable access to care at a time when the future for donor investment is expected to decrease. With future HIV funding uncertain in Kenya, new and innovative approaches to finance HIV and other health services are needed to mitigate the financial risks to patients.

SHOPS Project: Designing sustainable options for financing health care

The Strengthening Health Outcomes through the Private Sector (SHOPS) project is USAID's flagship initiative in private sector health. In Kenya, the project is working across sectors to increase the role of the private health industry in financing and delivering care, with an aim to contribute to the sustainability of HIV and health programs. Specifically, SHOPS:

- Assists Kenyan health insurance companies in designing and marketing new health insurance products that target lower-income and vulnerable populations.
- Strengthens the health insurance industry by implementing a national awareness campaign on financial protection and health.
- Pilots innovative provider payment mechanisms that equip providers and payers with data to increase efficiency, lower administrative costs, and make health insurance products more affordable.

Improve sustainability by engaging the private sector

The private sector can help maximize limited government and donor resources by contributing to the sustainability of HIV and health programs in Kenya. However, this will require reducing the financial barriers to health care. Shifting out-of-pocket spending toward health insurance among populations with the ability to pay can offer increased risk protection for people living with HIV. It can also facilitate greater access to services in the private sector. Commitment and collaboration from policymakers, donors, and insurance companies, and providers working across the health sector will be critical to make this change. Below are recommendations for these stakeholders:

- As **donor** priorities shift, the role and contribution of the private sector to help improve the sustainability of health and HIV programs should be made more explicit in donor agendas, strategies, and plans.
- Health **policymakers** should continue to engage the private sector in policy dialogue and development, and identify concrete roles for the private sector in policy implementation, particularly in the context of devolution.
- **Health insurers** and **private providers** should partner to create new payment systems that will improve efficiencies and reduce costs to make health insurance and access to private health care more affordable to HIV patients.

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Improved access to health care for all will come through promotion of partnerships with the private sector.

– Health Sector Strategic and Investment Plan (KHSSP)

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For more information about the SHOPS project, visit: www.shopsproject.org.
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