

Marie Stopes Kenya (MSK) conducted a costing analysis to determine the financial viability of Kenya's Linda Mama free maternity services scheme for private healthcare providers.



Many private providers in the MSK Amua Social Franchise network have been reluctant to sign Linda Mama contracts, citing low reimbursement rates that they believe do not allow for full cost recovery.



Intervention

Since April 2017, private health facilities in Kenya accredited by the National Hospital Insurance Fund (NHIF) have been invited to sign contracts to deliver services under the Linda Mama scheme, which provides antenatal (ANC), postnatal (PNC), and safe delivery services to all Kenyans free of charge. Of the 168 NHIF-accredited providers in the MSK Amua network, as at September 2018 only 60 had accepted the invitation. While nearly all providers cited low reimbursement rates as the reason for not signing up, there was little data to support providers' assertions that the Linda Mama contracts were not financially viable.

To estimate the true cost of a Linda Mama contract to a provider, MSK performed a costing exercise, measuring the variable costs of each set of services against the corresponding Linda Mama reimbursement rate. Fixed costs, such as the provider's time or use of the health facility, were not included. This ensured the most conservative costing estimate possible, as fixed costs could in theory be covered from other sources, such as paying clients. The components of each set of services were based on Marie Stopes International (MSI) and World Health Organisation (WHO) guidelines, which all MSK SF providers are expected to follow. The costs of each component were obtained from the MSK Eastleigh Obstetrics Centre and the MSK Procurement Team.

Costing Analysis- Estimated Variable Costs vs Linda Mama Reimbursement Rates (KES)			
Service	Variable Cost (KES)	Reimbursement Rate (KES)	% Cost Not Covered
ANC-First Visit	2,800	1,000	64%
ANC-Second Visit	2,350	500	79%
ANC-Third Visit	1,200	500	58%
ANC-Fourth Visit	2,600	500	81%
Delivery-Normal	5,000	3,500	30%
Delivery-Caesarean	17,000	17,000	0%
PNC-All Visits	400	250	38%

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Result

The costing analysis demonstrated that, with the exception of Caesarean deliveries, the Linda Mama reimbursement rates did not come close to covering providers' estimated variable costs for maternity services.



Lessons Learned

Linda Mama contracts are not financially viable for private providers. While the Linda Mama free maternity services scheme has proved popular amongst pregnant women, leading to an increased rate of facility births across the country, private providers are declining to participate, leading to a mismatch between supply and demand. There is also a concern that providers who do sign up for Linda Mama may offer a reduced service, leaving out essential ANC components such as HIV testing and tetanus vaccinations, in order to ensure their costs are covered. Finally, while the PNC reimbursement rate of 250 KES per visit is intended to include coverage for Post Partum Family Planning, in practice the commodities alone can cost providers up to 1,000 KES, dissuading providers from offering this vital service.



Outlook

MSK has expressed concerns to NHIF on the low rates of reimbursement under the Linda Mama scheme. The NHIF has been receptive, recognising the importance to providers of running a viable business, and has implied a willingness to re-examine the rates. MSK will continue to work with NHIF to advocate for higher rates for private providers, so that more pregnant women across Kenya can have access to high quality free maternity services.