

# **Submission on the Mombasa County Health Improvement Financing Bill, 2024, submitted on 25<sup>th</sup> March 2024.**

## **Introduction**

Section 109 of the Public Finance Management Act, 2012, mandates counties to deposit all collected revenues into the County Revenue Fund Account (CRF). However, in Section 109(2)(b), counties have the flexibility to retain revenues if sanctioned by either an Act of Parliament or county legislation, primarily to offset expenses in sectors like health. The Facilities Improvement Financing Act of 2023, specifically Section 5, grants public health entities the authority to keep all funds acquired on their behalf, marking a significant step in reestablishing public health's financial independence. This is especially crucial for ensuring that health facilities are adequately funded, given that health services are entirely devolved.

Considering the above, the County Assembly of Mombasa is in the process of enacting the Mombasa County Health Improvement Financing (HIF) Bill 2024, which saw its initial readings on February 21st and 27th, 2024. The Mombasa County Health Improvement Financing Bill, 2024 is an Act of Mombasa County to provide for the collection, retention, management and use of County health improvement financing and connected purposes.

## **Summary of the Draft HIF, Bill, 2024.**

1. Health improvement financing (HIF), refers to revenue collected, retained, planned for, and used by a hospital, health centre dispensary and public health office as user fees paid to defray costs of running and maintaining health entities.
2. The objective of the Mombasa County Health Improvement Financing, 2024, is to give effect to Section 5(1) of PFMA, 2012, by declaring that, health facilities as entities, provide the framework with section 109 (2) (b), that allows county health facilities to retain revenue collected for defraying its expenses and provide appropriate structures and accountability measures to support the county HIF as provided by PFMA, 2012.
3. Section 4 of the Bill provides for the principles of Mombasa County Health Improvement financing, ensuring that healthcare services are readily available, accessible, acceptable, affordable, and meet requisite standards of quality. It mandates adequate funding for health facilities, public health units, and community health services to ensure universal access to quality healthcare. Moreover, it underscores the importance of transparency, accountability, and integrity throughout the revenue collection, management, and allocation processes. The revenue generated is to be

supplementary to the budgets allocated by county assemblies or the national parliament for health entities, rather than a substitute.

4. According to section 5, the Bill applies to County Referral Hospitals (Level 5), Sub-County Hospitals (Level 4), Health Centers (Level 3), Dispensaries (Level 2), public health services and any other public health entity, as may be conferred on them such by the Act or any other legislation.
5. Part II of the Bill, Sections 6 and 7, 8 and 9 provides for the establishment of the HIF, the functions of the Financing, the sources of the HIF and the retention of the HIF by the county health facilities, respectively.
6. Part III of the draft Bill, provides for the management and administration of the County Health Improvement Financing, including the role of the Chief officer, of health, the Director of health, the sub-county medical officer of health, the Composition and the role of the Hospital Management Team (HMT), the Hospital Management Board, The Health centers and Dispensaries Management Teams, the Health Facility Management Committee (HCMT) and the management and administration of Funds at the Coast General Teaching and Referral Hospital.
7. Part IV of the draft bill provides for financial provisions, on bank account for every entity into which all monies received from HIF shall be paid, the Authority to Incur Expenditure (AIE), the expenditure of the Health Improvement Financing, audits, overdraft and continuity and provisions on winding up of the HIF.
8. Part V provides for other miscellaneous provisions including transitional provisions, penalties, and regulations, giving power to the County Executive Committee Member of Health to make regulations for better carrying out the provisions of the draft bill.

## Observations, Comments and Recommendations

- i. **Role Clarity and Overlapping Responsibilities-** The draft bill presents the management and administration of the County HIF, including the role of chief officer, director of health, Sub- County medical officer of health, Hospital management team, hospital management board, health centers and dispensaries management team, health facility management committee and administration of the Coast General Teaching and referral hospital. Whereas the mandate is clear, we find some overlapping responsibilities, particularly concerning the numerous committees mentioned. Clarity and streamlining of these responsibilities are necessary to avoid confusion and ensure efficient governance.
- ii. **Equity Concerns in Resource Allocation:** The draft Bill provides that every entity into which all monies shall be received open a bank account. Whereas this is for

- transparency and accountability, it raises fairness and equity concerns for lower-level facilities with no capacity to collect as much revenue as the level 4 and 5 facilities.
- iii. While the requirement for each health facility to open a bank account for the receipt of funds enhances transparency and accountability, it raises equity concerns. Lower-level facilities may have limited revenue collection capacity compared to higher-level facilities. Measures should be put in place to address these disparities and ensure that all facilities have access to adequate resources for service delivery.
  - iv. **Clarity on Service Charges:** Pages 14-35 of the bill outline charges for services at the Coast General Teaching and Referral Hospital. However, there is ambiguity regarding the interpretation of certain terms, such as "*Rahimtullah*." Furthermore, the charges should be delineated for both the public and private wings of the hospital, preferably in Kenyan shillings, to avoid any confusion or misinterpretation.
  - v. **Transition from NHIF to SHIF:** It is noted that the bill refers to the National Health Insurance Fund (NHIF), which is currently transitioning to the Social Health Insurance Fund (SHIF) according to the Social Health Insurance Act of 2023. This transition should be captured in the interpretation section on page 4 and section 8 (b) on page 6 of the bill.

I trust that our feedback will be considered during the ongoing review process to ensure that the final legislation serves the best interests of the residents of Mombasa County.

Thank you for your attention to this matter. Should you require any further clarification or information, please do not hesitate to contact us.

**Sincerely,**



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