

# How Kenya can tame healthcare costs through health cooperatives

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*Health workers attend to a patient recuperating from Covid-19 at Jaramogi Oginga Odinga Teaching and Referral Hospital in Kisumu County on June 10, 2021. Tonny Omondi | Nation Media Group*



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The cost of accessing healthcare in Kenya is way beyond what many can afford, even with the government including universal health coverage (UCH) in the government's 'Big Four Agenda'. Even with insurance, many families still go into their reserves to pay hospital bills.

Struggling under huge health bills incurred by Covid-19 patients, insurance firms' financial bases are haemorrhaging under altered business dynamics, forcing them to propose reforms to reduce payouts.

For example, the National Health Insurance Fund (NHIF) recently proposed reduced payouts to health facilities, which would see reductions of at least Sh2.9 billion for Financial Year 2021/2022. But that would force many beneficiaries to top up on their medical bills.

A recent study put Covid-19 management costs at two to four times the average claim reported by NHIF. It points to the need to mobilise resources and explore alternative service delivery models to reduce costs.

Could cooperatives provide a counter to the high cost of accessing healthcare? Not many Kenyans know about health cooperatives, though a century old. The first health cooperative was founded in 1929 by Dr Michael Shadid, a Lebanese physician, in Elk City, Oklahoma. Like all new ideas, the novel concept of a health cooperative faced opposition, including from the county medical society.

However, the support of the Oklahoma Farmers' Union enabled Dr Shadid to build a hospital and create a prepaid insurance plan. That inspired more regional health cooperatives that provided networks of healthcare plans and providers. The successful HealthPartners USA, with an insured membership base of 1.8 million, has more than 90 clinics and hospitals across the US and 26,000 employees, who have served 1.2 million patients.

Closer home, HealthPartners has set up shop in Uganda, where they reach over 50,000 people, mostly in rural areas. It has at least 31 health providers serving over 50,000 members in 14 cooperatives and pre-cooperatives. In 2017, these cooperatives had a surplus of \$118,000 (Sh12 million) and a cumulative total of \$350,000 over five years. The communities served under these cooperatives are thriving and have access to regular, preventive and affordable healthcare.

Health cooperatives operate as entities owned and managed by workers (health professionals) or service consumers or as a hybrid system co-owned by both.

There are no active health cooperatives in Kenya, making it an area for potential exploration for its many benefits. Patients want to access the best healthcare without an unaffordably huge financial burden. Riding on numbers and the understanding that — unless the community is dealing with a catastrophic health event — not everybody falls sick, member collections are used to pay for those who fall sick. That spreads out the associated risks.

These cooperatives contribute to improved healthcare indices, all resulting from improved access to and use of health services. Due to their community level operations, they can become part of a critical link to UHC programmes.

A worker-run-and-managed health cooperative can provide health professionals with better quality jobs, supplies or services and allow them to develop their profession away from private facilities, which are often profit-driven. We hear anecdotal reports of private health facilities that give strict financial targets to doctors, inducing 'unnecessary' lab investigation requests and prescriptions.

In January 2013, healthcare providers operating under a group practice concept formed Health Fountain Care (HFC) Limited to provide comprehensive, multi-speciality, high-value, low-cost, patient-oriented practice, akin to cooperative ideals.

It has the potential to operate as a health cooperative of professionals. If this were to happen, it would fall under a worker-owned cooperative.

To reduce costs further and expand the customer base, HFC could incorporate pharmacists into their group to also manage the cost of medicines. Now, add to this a consumer-based health cooperative and you have a formidable partnership.

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