



The Cost of Healthcare in Kenya: Myths and Realities

As an academic institution, we believe that part of our role is to spark essential discussions on issues affecting the public, healthcare being top on the list. By producing knowledge through our research, care, and education, we hope to influence policy and inspire questions that lead to further research, discussions and interventions.

As Professor Lukoye Atwoli highlights, even the poorest person in the country deserves the highest quality of care. This promise is embedded in our constitution, and our collective responsibility is to ensure everyone has access to it. It is not just about having healthcare—“bora afya”—but about having quality healthcare—“afya bora.” We believe everyone deserves access to top-tier healthcare, and this edition of the Life Conversation explored how we can achieve this.

The Role of Insurance in Healthcare Accessibility

Ezekiel Macharia, Managing Director of Kenbright Holdings, shed light on Kenya's current insurance landscape. Insurance companies, both private and public, primarily focus on their contribution to GDP and coverage statistics. For instance, private insurance covers about sixty billion shillings. It caters to half of the employed population, while the National Health Insurance Fund (NHIF) targets around five million principal members, covering about twenty million families.

Despite these numbers, insurance companies view patients as part of a group rather than individuals, leading to cost-cutting measures such as excluding pre-existing conditions and limiting coverage for chronic illnesses. He added that we have a supply problem in that we do not have enough specialists to provide the needed care. Mr Macharia warned that we will continue to see even longer queues and wait times—an issue that needs addressing. Mr Macharia recommended that Kenya should invest more in family physicians to reduce the number of people referred to see specialists. Secondly, he proposed that Kenya should identify specialty hospitals that deal with specific diseases across different locations to enhance efficiency instead of having few specialists distributed across many hospitals.

The Need for More Healthcare Infrastructure

The country needs more hospitals, doctors, and locally manufactured medical equipment. Investors often question why Kenya is building more hotels instead of hospitals. The reality is that we need smaller, more efficient hospitals to help drive down healthcare costs.

Private insurance companies spend about 80% of their earnings on claims. If claims increase, premiums inevitably rise, making insurance unaffordable for many. The only way to reduce these costs is for everyone involved—hospitals, investors, and policymakers—to work together.

Pharmaceuticals: A Major Cost Driver

Rashid Khalani, CEO, of Aga Khan University Hospital, highlighted another key issue—the inflated cost of pharmaceuticals. Across Kenya, no matter where you go, a massive portion of outpatient bills is spent on medication. Around 70% of the drugs used in Kenya are imported, and in Uganda, it is 90%. This reliance on imported pharmaceuticals significantly drives up healthcare costs. These input costs impact the cost of care, and this is a crucial area that needs addressing if we want to make healthcare more affordable.

Conclusion

The cost of healthcare in Kenya is a complex issue that requires a multi-faceted approach. From ensuring that quality healthcare is accessible to all to addressing the insurance challenges and increasing local healthcare infrastructure, much work must be done. Additionally, reducing our reliance on imported pharmaceuticals could significantly lower healthcare costs. To be effective, we need collaboration between hospitals, insurers, investors, and the government. Only then can we see real change in making quality healthcare a reality for every Kenyan.