Kenya's Social Health Insurance (SHI): Sustainability, Equity and Transparency

Annual National Shadow Budget 2027/2028

IPF
INSTITUTE OF PUBLIC FINANCE

A. Background and context

2023

Kenya enacted four key health laws in October 2023:

- Primary Health Care Act
- Digital Health Act
- Facility Improvement Financing Act
- Social Health Insurance Act

The Social Health Insurance Act, 2023, established the Social Health Authority to administer three funds:

- SHIF
- PHCF
- ECCIF

HISP subsidises health insurance contributions for indigent and vulnerable households.

We assessed the scheme on three metrics:

Sustainability
whether it can mobilise enough predictable resources and pay claims on time

Equity
whether those unable to pay are supported

Transparency
whether the public can see how funds are used

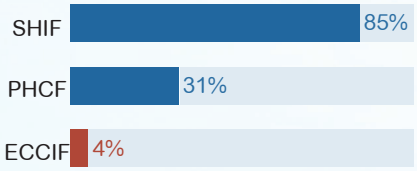
B. Key findings

SHA/SHI

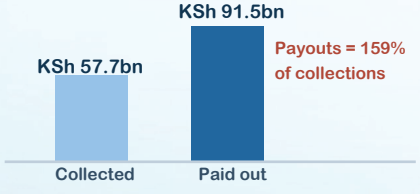
The funds are not raising enough to meet their needs

Government allocations to PHCF and especially ECCIF fall far short of requirements, leaving funding gaps of KSh 42.1 billion and KSh 103.2 billion respectively.

Share of financing need met, FY2025/26

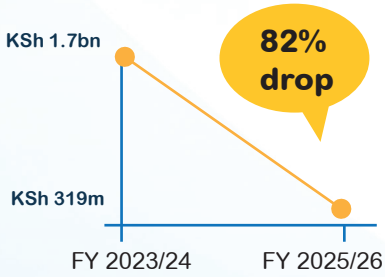


SHIF collections vs payouts, FY2024/25



Equity

Subsidy funding for poor households is falling and far below the estimated need.



At KSh 660 per household per month, the FY2025/26 allocation meets under 1% of the cost of covering all poor households

Sources: *Health Sector Report; Supplementary Estimates; conomic Survey 2026*

Note: *Ranges reflect two poverty estimates, the World Bank's 2026 projection (42.5%) and the KNBS 2022 rate (39.8%).*

Resources / Revenue

The funds are not raising sufficient resources to meet their respective financing needs.

Inconsistent Periods — Claims reports cover different periods

Paid claims only — Outstanding obligations

Audits not Public — PHCF and ECCIF audit reports were unavailable at the time of review

C. Policy recommendations

To improve sustainability

1 National Treasury

Progressively increase PHCF and ECCIF allocations to their resource requirements of **KSh 61 billion** and **KSh 107.2** billion respectively

To improve equity

2 National Treasury

Progressively increase HISP financing to at least **KSh 6.4 billion** to cover all households in hardcore poverty, prioritising enrolment of eligible households not currently covered rather than only maintaining the existing cohort.

3 National Treasury

Keep HISP identifiable in the Programme-Based Budget, with clear allocations and coverage targets, regardless of which state department implements it.

To improve transparency and accountability

4 SHA

Publish the financial, non-financial and claims reports required under the SHI Act on time, including submitted, approved, paid and outstanding claims for each fund.

5 State Department for Social Protection and Senior Citizen Affairs.

Publish aggregate data on the number of subsidised beneficiaries, disaggregated by county and beneficiary category.

6 Office of the Auditor General

Complete and publish audits of all three funds promptly and table them in Parliament within six months of the financial year-end.

Kenya's SHI scheme is under financial strain: funds fall short of requirements, claims exceed resources, informal-sector participation is low and subsidies for the poorest have shrunk. Limited public reporting makes these risks harder to monitor and correct. Adequate and predictable financing, a contribution system built around ability to pay, and full, timely disclosure are essential for SHI to deliver universal and equitable health coverage.