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**The Application of Principal-Agent Perspective in the Analysis of the Formulation and Implementation of Free Maternity Services Policy in Kenya.**

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Background- The objective under MDG 5 was to reduce maternal mortality rates (MMR) by three-quarters by 2015. In 2013, the Kenyan Government abolished user fees targeting maternal health services, subsequently introducing Free Maternity Services (FMS).The aim was to reduce the financial barriers to accessing maternal health care and reduce Kenyaâ€™s MMR, which stands at 488 deaths per 100,000 live births.

Objectives-The broad objective of the project was to assess the policy process of Free Maternity Services in Kenya.

Methodology- Literature review.

Main Results- Three databases were used for the search strategy. A total of 34 articles were reviewed and 13 articles from organizational databases. Various health financing methods exist for maternal health care. Since independence, the primary mode of financing has been tax subsidies, exemptions from user fees, for maternal services. More recently government introduce OBA for poor WRA, and NHIF covers another 20% of WRA.FMS is a tax funded policy that in essence abolished users fees for maternity services at all public hospitals. Six principal-agent relationships were identified at the various hierarchical level of service delivery that are interdependent on the performance of FMS. The principal mode of reimbursement was per case payment for delivery. The reimbursement rates vary for the various KEPH levels, with curative services getting over 75% of the budgetary allocation. Of the incentives identified FMS can be viewed as a high-powered political incentive to politicians-presidency. The provider payment methods present low incentive for the HCP to improve QOC, and incentive to cream skim.Finally, the financing mechanisms under maternal health care reflect the broader fragmentation of the health care financing system in Kenya that is inequitable.

Reviewers Conclusion FMS is a policy that aims to address the inequities in access to maternal health care services and reduction of MMR. But there is need to exert caution and ensure the necessary institutional arrangements are strengthened and provide continuous monitoring of adherence to policy. Devolution is one of those situational factors that will determine the success or failure of FMS programme. There is need to define the roles and responsibilities of health care financing for the two levels of government. More importantly is how to address the multiple principal-agent relationships by designing the appropriate incentive structure.