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How can healthcare providers make the
cost of care more affordable?

INTERNATIONAL HEALTH INSURANCE FORUM 2021 – EAST AFRICA

**Session Title: How can healthcare providers make the
cost of care more affordable?**

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HOW CAN HEALTHCARE PROVIDERS MAKE THE COST OF HEALTHCARE MORE AFFORDABLE?

- ▶ First, the healthcare value and cost chain is much longer than providers. Healthcare providers cannot do it alone. Patients, communities, payers, purchasers, governments/regulators must each play a role.
- ▶ Second, one cannot manage what one cannot measure. Providers and the rest of the value/care chain must know their costs before they can manage them .
- ▶ Third, most change is reactive. The value chain ought to provide incentives for greater attention to cost.
- ▶ Fourth, healthcare is global. Many factors are beyond the cost of providers and the in country value chain. Products & equipment are most imported. Global shortage in skilled labour.

OUTPATIENT HEALTHCARE COST DRIVERS SUMMARY

| OUTPATIENT HEALTH COST DRIVERS | | | | | |
|---------------------------------------|---------------------|------------|------------------|------------------------|---------------|
| SERVICE | Doctors' Fee | Lab | Medicines | Medical Imaging | Others |
| GP Visits | 23% | 27% | 36% | 11% | 3% |
| All Visits | 26% | 23% | 40% | 9% | 2% |
| Internal Medicine | 29% | 19% | 48% | 3% | 1% |
| Cardiology | 45% | 12% | 41% | 2% | 0% |
| Pediatrics | 44% | 14% | 41% | 1% | 0% |
| Ophthalmology | 74% | 3% | 22% | 1% | 0% |
| General Surgery | 58% | 3% | 26% | 12% | 1% |
| Orthopaedic Surgery | 59% | 3% | 23% | 11% | 4% |

INPATIENT HEALTHCARE COST DRIVERS PER DISCIPLINE

| INPATIENT HEALTHCARE COST DRIVERS SUMMARY | | | | | | | | | |
|---|--------------|-----|-----------|-----------------|-------------|-----------|------------|---------|---------------------|
| DISCIPLINE | Doctors' Fee | Lab | Medicines | Medical Imaging | Bed/Nursing | Maternity | Procedures | Theatre | ICU, HDU and Others |
| CARDIOLOGY | 9% | 8% | 28% | 2% | 12% | 0% | 7% | 0% | 34% |
| INTERNAL MEDICINE | 11% | 8% | 29% | 2% | 13% | 0% | 5% | 1% | 32% |
| ORTHOPEADIC | 38% | 3% | 9% | 2% | 7% | 0% | 3% | 31% | 7% |
| OBS/GYNAE | 42% | 5% | 9% | 1% | 15% | 13% | 1% | 12% | 4% |
| PAEDIATRICS | 17% | 8% | 32% | 1% | 26% | 1% | 0% | 1% | 15% |
| NEONATOLOGY | 15% | 4% | 13% | 1% | 22% | 8% | 2% | 0% | 37% |
| NEPHROLOGY | 12% | 10% | 21% | 1% | 15% | 0% | 0% | 0% | 40% |
| UROLOGY | 41% | 6% | 13% | 2% | 8% | 0% | 0% | 13% | 16% |
| GENERAL SURGERY | 36% | 6% | 14% | 1% | 12% | 1% | 0% | 15% | 14% |
| NEURO SURGERY | 35% | 6% | 20% | 2% | 10% | 0% | 1% | 10% | 16% |
| PLASTIC SURGERY | 34% | 7% | 13% | 0% | 13% | 0% | 3% | 13% | 17% |

HEALTHCARE LEVELS & COST MANAGEMENT

- ▶ Kenya has 6 levels of care. Generally, cost goes up with the level. Community, dispensary, health center, levels 3, 4, 5 & 6 hospitals .
- ▶ Care should be provided at the lowest possible level and most preferably at community level.
- ▶ There has to be a good referral network, policy and practice. ICT can be of great value in tracking up and down movement of patients.
- ▶ Health promotion and prevention services key to reduce disease burden. As COVID-19 demonstrated, no health system is robust enough to cope with large numbers of people falling ill at the same time; healthy living, vaccination, nutrition, road safety, security, water & sanitation key to keeping people out of healthcare facilities.
- ▶ Innovations such as telemedicine, wearables/personal monitoring devices, AI and predictive medicine can keep people productive within communities and out of healthcare facilities. Whole lifecycle monitoring should be possible. With a pulse oximeter and an oxygen concentrator, it was possible to manage most COVID-19 patients at home.

PROVIDER COST SAVING MEASURES & INITIATIVES

Data science and analytics

- To drive quality, cost and performance management
- Historical peer to peer comparison of cost and clinical outcomes
- Outcome management/case management

E-claims

- Seamless connection between payers and providers to cut down on unnecessary and expensive admin work whose cost is passed on the patient/payer.
- Reduction in claim losses & early payment
- Reduction in delays and improvement in patient experience

Electronic medical and Health records

- Space savings
- Reduction in operating costs
- Better clinical decision support. Better diagnosis. Reduction in repeat visits

COST MANAGEMENT INITIATIVES

Enterprise Resource Management Systems

- Work scheduling and demand management improvement, hence better productivity
- Flexible working hours matched to demand leading to reduced HR cost without compromise in quality
- Reduction in silo mentality and alignment of processes to patient journeys.
- Reduction in repetitive data entry and paper usage

Human resources

- Task shifting
- Productivity management; Scope and scale
- Group practice, outsourcing and partnerships

COST MANAGEMENT INITIATIVES – Cont'

Products; Sourcing, logistics and distributions

- Elimination of information asymmetry
- Global sourcing; digital platforms. MEDS, KEMSA, MEDSOURCE etc.
- Economies of scale: Consolidation of supplies, Procurement organization. User involvement in selection of products and equipment
- Post market surveillance

Organization design

- Hub and Spoke model. Industry consolidation
- Referral networks, centers of excellence
- Change in incentives; Reimbursement system to provider. Reward system to staff Per capita. Fixed cost. Quality indicators

Thank You

The background features a series of overlapping, semi-transparent geometric shapes in various shades of blue and grey, creating a modern, abstract design. The shapes are primarily triangles and polygons, some pointing towards the center and others towards the corners, set against a plain white background.