

THE FEDERATION OF KENYA EMPLOYERS POSITION ON THE NEWLY PROPOSED NHIF RATES

The Federation of Kenya Employers takes note of the newly proposed NHIF rates that seeks to increase the employers' and workers' contribution by up to 1000%. The idea of basing contributions on a percentage of total (gross) earnings is against established practice and has huge implications for business.

It should be noted that whereas employers support the need to provide healthcare to all Kenyans, the approach should be alive to the realities on the ground and any actions made should consider the associated consequences. The cost of living in Kenya is already high exacerbated by heavy taxes, the international market, harsh weather conditions the pandemic, among other variables. One would then wonder, why introduce a new burden at such a time?

The Federation of Kenya Employers is therefore opposed to the proposed new rates as they will make the Kenya business environment uncompetitive and eventually aggravate an already worse situation facing enterprises countrywide. This policy decision is self-defeating. The NHIF needs to be sensitive to the situation of its citizens and enterprises.

The proposed rates, lead to a compound adverse effect on the cash flow and financial situations of the enterprises. The NHIF (amendment) Act 2022 has just introduced a raft of measures that have negatively affected the financial position of employers. The rates will also increase the cost of wage bill.

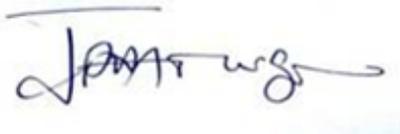
Policy actions need to be balanced and should lead to a win-win outcome for all the affected. The proposed move is bad for the country, bad for the jobs and bad for the enterprises. We therefore call upon the NHIF to go back to the drawing board with all stakeholders and provide a win-win solution for all.

Conducting public participation as a means of ticking the box will not bear fruit to the best outcomes. The attainment of the Universal Health Coverage requires that we all move together.

We urge NHIF to listen to the concerns of the affected employers and the workers and address the issues raised soberly. The review of the current rates needs to be done through a social dialogue process that is accommodative to the positions of both employers and workers.

Lastly, NHIF needs to state what benefits will be derived from the proposed changes. Recently we saw a reduction in price on the benefits Kenyans will enjoy from the health providers, so what is the rationale behind this increment? NHIF owes Kenyans a better explanation on how the funds will be utilized.

FKE will hold discussions with its members and other like-minded organizations who will be affected with these changes and prepare a comprehensive report backing up our position on the matter.



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