



REPUBLIC OF KENYA

PARLIAMENT

NATIONAL ASSEMBLY BILLS

(Bill No. 21 of 2021)

**THE NATIONAL HEALTH INSURANCE (AMENDMENT) BILL,
2021**

(A Bill published in the Kenya Gazette Supplement No. 91 of 2021 and
passed by the National Assembly, with amendments, on September 29th,
2021)

N.A. /B/No. 21/2021

**THE NATIONAL HEALTH INSURANCE FUND
(AMENDMENT) BILL, 2021**

A Bill for

**AN ACT of Parliament to amend the National Hospital
Insurance Fund Act, 1998**

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the National Health Insurance Fund (Amendment) Act, 2021. Short title.

2. The National Hospital Insurance Fund Act, in this Act referred to as the “principal Act” is amended by deleting the long title and inserting the following new long title— Amendment of the long title to No. 9 of 1998.

“An Act of Parliament to provide for the establishment of the National Health Insurance Fund; to establish the National Health Insurance Fund Management Board; to provide for mechanisms of contributions to and the payment of benefits out of the Fund; and for connected purposes”

3. The principal Act is amended in the title by deleting the word “Hospital” and substituting therefor the word “Health”. Amendment of the title to No. 9 of 1998.

4. The principal Act is amended in section 1 by deleting the word “Hospital” and substituting therefor the word “Health”. Amendment of section 1 of No. 9 of 1998.

5. The principal Act is amended in section 3 by deleting the word “Hospital” appearing in subsection (1) and substituting therefor the word “Health”. Amendment of section 3 of No. 9 of 1998.

6. The principal Act is amended in section 4 by deleting the word “Hospital” appearing in subsection (1) and substituting therefor the word “Health”. Amendment of section 4 of No. 9 of 1998.

7. Section 2 of the principal Act is amended— Amendment of section 2 of No. 9 of 1998.

(a) in the definition of “Board” by deleting the word “Hospital” and substituting therefor the word “Health”;

(b) by deleting the definition of “card”;

(c) by deleting the definition of “child” and

substituting therefor the following new definition—

“child” means a child of a contributor including a posthumous child, a stepchild, an adopted child and any child to whom the contributor stands in loco parentis, and who has not attained the age of eighteen years”;

- (d) by deleting the definition of the term “employer” and substituting therefor the following new definition—

“employer” includes the national government and national government entities, and county governments and county government entities;”

- (e) in the definition of “Fund” by deleting the word “Hospital” and substituting therefor the word “Health”;

(f) by deleting the definition of “hospital”;

(g) by deleting the definition of “Minister”;

(h) by deleting the definition of “register”;

(i) by deleting the definition of “stamp”;

- (j) by deleting the definition of “inspector” and substituting therefor the following new definition;

“inspector” means a person appointed to carry out an inspection under section 32”;

- (k) by inserting the following new definitions in proper alphabetical sequence—

“accreditation” means the formal recognition of a health care provider by the relevant body”;

“beneficiary” means a person who—

- (a) has not attained the age of twenty-one years, has no income of his own and is living with the contributor;
- (b) has not attained the age of twenty-five years, is undergoing a full-time course of education at a university, college, school or other educational

establishment or serving under articles or an indenture with a view to qualifying in a trade or profession and is not in receipt of any income other than a scholarship, bursary or other similar grant or award;

- (c) is a person with disability and is wholly dependent on and living with the contributor;”
- (d) is a spouse; or
- (e) is a contributor;

“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for matters relating to health;

“contracting” means the entering into a formal agreement with an empaneled health care provider for purposes of provision of services;

“empanelment” means enrolment of a health care provider into the list of health care service providers published in the *Gazette*;

“health care provider” means the whole or part of a public or private institution, building or place, duly registered healthcare professional, whether for profit or not, that is operated or designed to provide in-patient or out-patient treatment, diagnostic or therapeutic interventions, nursing, rehabilitative, palliative, convalescent, preventative or other health service;

“indigent” means a person who is poor and needy to the extent that the person cannot meet their basic necessities of life;

“risk spreading” means the transfer, sharing or distribution of the risk insured as between one or more insurance companies or other providers with a view to reducing the financial cost in the eventual happening of the insured event hereby referred as a loss for special, enhanced or negotiated scheme;

“vulnerable person” means a person who is in need of special care, support or protection, including the orphaned and vulnerable children, widows or

widowers, person with disability, elderly persons or indigent due to a risk of abuse or neglect and who has been identified as such by the relevant government body;”

8. Section 3 of the principal Act is amended—

Amendment of section 3 of No. 9 of 1998.

- (a) in subsection (1), by deleting the word “Hospital” and substituting therefor the word “Health”;
- (b) in subsection (2), by deleting paragraph (a) and substituting therefor the following new paragraph—

“(a) into the Fund—

- (i) contributions under section 15;
- (ii) such monies as may be appropriated by the National Assembly, for indigent and vulnerable persons;
- (iii) gifts, grants or donations;
- (iv) funds from the national government, county governments and their respective entities, or employers for the administration of employee benefits; and
- (v) funds from post retirement funds for provision of medical cover to retired employees, where the contributor has elected to do so.”

9. Section 4 of the principal Act is amended by deleting subsection (1) and substituting therefor the following new subsections—

Amendment of section 4 of No. 9 of 1998.

“(1) The management of the Fund shall vest in a Board which shall consist of—

- (a) a Chairperson appointed by the President by virtue of his or her knowledge and experience in matters relating to insurance, financial management, economics, health or business administration;
- (b) the Principal Secretary in the Ministry for the time being responsible for matters relating to health or a representative appointed in writing;
- (c) the Principal Secretary in the Ministry for the time being responsible for matters relating to finance or a representative appointed in writing;
- (d) one person nominated by the Kenya Health Professions Oversight Authority;
- (e) one person nominated by the Federation of Kenya Employers;
- (f) one person nominated by the Central Organization of Trade Unions;
- (g) one person, not being a Governor, nominated by the Council of County Governors;
- (h) two persons, not being public officers, appointed by the Cabinet Secretary; and
- (i) the Chief Executive Officer, who shall be an *ex officio* member of the Board.

(1A) The persons nominated or appointed under paragraphs (f) and (g) shall have knowledge and experience in matters relating to finance,

insurance, information, communication and technology, law, public health, business management, audit, economics or any other relevant field.

(1B) The nominating body under paragraph (f) shall afford equal opportunity to men and women, youth, persons with disabilities and minorities and marginalized groups and ensure regional balance.

(1C) The Cabinet Secretary responsible for matters relating to health shall publish the names of the persons nominated under paragraphs (d), (e), (f) and (g) in the *Gazette*.”

10. Section 5(1) of the principal Act is amended— Amendment of section 5 of No. 9 of 1998.

(a) in paragraph (b) by deleting the words “declared hospitals” and substituting therefor the words “empaneled health care providers”;

(b) by deleting paragraph (c) and substituting therefor the following new paragraph—

“(c) in consultation with the Cabinet Secretary, to set the criteria for the empanelment and contracting of health care providers for the purposes of this Act”;

(c) by deleting paragraph (g) and substituting therefor the following new paragraphs—

“(g) to facilitate attainment of Universal Health Coverage with respect to health insurance;

(ga) to administer employee benefits as provided under this Act on behalf of employers in respect of their employees; and

(h) to perform such other functions as are conferred on it by this Act or by any other written law”.

(d) by inserting the following new paragraph

immediately after paragraph (c)–

“(d) in paragraph (f) by deleting the word “Minister” and substituting therefor the words “Cabinet Secretary”.

11. Section 6 of the principal Act is amended in paragraph (a) by deleting the word “Minister” appearing in the proviso and substituting therefor the words “Cabinet Secretary”.

Amendment of section 6 of No. 9 of 1998.

12. Section 6 of the principal Act is amended by inserting the following new paragraph immediately after paragraph (a)–

“(aa) to determine the contributions to be made by contributors to the Fund;”

13. The principal Act is amended by deleting section 9 and substituting therefor the following new section—

Repeal and replacement of section 9 of No. 9 of 1998.

Remuneration of members of the Board.

9. The chairman and members of the Board, other than the chief executive officer, shall be paid out of the moneys of the Fund such sitting allowances or other remuneration as the Board may, in consultation with the Salaries and Remuneration Commission, determine.

14. The principal Act is amended by deleting section 10 and substituting therefor the following new section—

Repeal and replacement of section 10 of No. 9 of 1998.

Chief Executive Officer.

10. (1) There shall be a Chief Executive Officer of the Fund who shall be appointed by the Board, through a competitive process, on such terms and conditions as the Board may, with the advice of the Salaries and Remuneration Commission, determine.

(2) A person is qualified for appointment as a chief executive officer if the person—

- (a) has at least a Bachelor’s degree from a university recognized in Kenya;
- (b) has at least ten years’ experience at a senior management level with skills in

health insurance, health financing, financial management, health economics, healthcare, administration, law or business administration; and

(c) meets the requirements of Chapter Six of the Constitution.

(3) The chief executive officer shall, subject to the directions of the Board, be responsible for the day to day management of the affairs and staff of the Board.

(4) The chief executive officer shall serve for a term of three years and shall be eligible for re-appointment for a further and final term of three years.

(5) The Chief Executive Officer shall be an ex officio member of the Board.

15. The Principal Act is amended by inserting the following new section immediately after section 10—

Insertion of new section 10A in No. 9 of 1998.

Corporation
Secretary

10A. (1) The Board shall competitively recruit a person qualified in terms of the law governing the practice of certified secretaries in Kenya, to serve as the Corporation Secretary of the Board.

(2) The Corporation Secretary shall be the Secretary to the Board and shall—

- (a) in consultation with the Chairperson of the Board, issue notices for meetings of the Board;
- (b) keep, in custody, the records of the deliberations, decisions and resolutions of the Board;
- (c) transmit decisions and resolutions of the Board to the Chief Executive Officer for execution, implementation and other relevant action;
- (d) provide guidance to the Board on their duties and responsibilities on matters relating to governance; and

(e) perform such other duties as the Board may direct.

16. Section 11 of the Principal Act is amended by deleting the words “officers, inspectors and servants” and substituting therefor the word “staff”.

Amendment of section 11 of No. 9 of 1998.

17. The Principal Act is amended by deleting section 12 and substituting therefor the following new section—

Repeal and replacement of section 12 of No.9 of 1998.

Common seal of the Board.

12. (1) There shall be a common seal of the Board which shall be kept in the custody of the Corporation Secretary and shall not be used except on the direction of the Board.

(2) The affixing of the common seal of the Board shall be authenticated by the signatures of the Chairperson and the Chief Executive Officer and any document required by law to be made under seal and all decisions of the Board may be authenticated by the signatures of the Chairperson and the Chief Executive Officer.

(3) The Board shall, in the absence of either the Chairperson or the Chief Executive Officer, in any particular matter, nominate one member to authenticate the seal of the Board on behalf of either the Chairperson or the Chief Executive Officer.

18. The principal Act is amended by inserting the following new section immediately before section 15 under Part III—

Insertion of a new section 9A into No. 9 of 1998.

Registration as a member of the Fund.

14A. (1) A person who has attained the age of eighteen years and is not a beneficiary shall register as a member of the Fund.

(2) The Cabinet Secretary may, in consultation with the Board, make regulations for the better carrying out of subsection (1).

19. Section 15 of the Principal Act is amended—

Amendment of section 15 of No. 9 of 1998.

(a) by inserting the following new subsections immediately after subsection (1)—

“(1A) Subject to this Act —

- (a) the national government shall be liable as a contributor to the Fund in respect of all public officers, state officers and employees working in the national government and national government entities;
- (b) each county government shall be liable as a contributor to the Fund in respect of all public officers, state officers and employees working in the county government and county entities; and
- (c) any other employer shall be liable as a contributor to the Fund in respect of its employees, subject to paragraph (2)(e).

(1B) Subject to this Act the national government shall be liable as a contributor to the Fund on behalf of the indigent and vulnerable persons identified as such by the relevant government body”.

(b) in subsection (1), by deleting the word “Minister” appearing in paragraph (c) and substituting therefor the word “Cabinet Secretary”;

(c) in subsection (2), by—

(i) deleting paragraph (b) and substituting therefor the following new paragraph—

“(b) for persons whose income is derived from self-employment—

- (i) in the case of a contributor who is a sole beneficiary; and

(ii) in the case of a contributor who is not a sole beneficiary, a special contribution at such respective rates as may be determined by the Board”.

(ii) inserting the following new paragraph immediately after paragraph (b)—
“(c) in the case of an unemployed person, such rate as may be determined by the Board.”

(d) in subsection (2) by inserting the following new paragraphs immediately after paragraph (b)—

“(c) in the case of an employer who is the national government or national government entity, a matching contribution, equal to that which their employee is liable to contribute under subsection (1)(c);

(d) in the case of an employer who is the county governments or county government entity, a matching contribution, equal to that which their employee is liable to contribute under subsection (1)(c);

(e) in the case of any other employer under subsection (1A)(c), such amount as will be required to top up the employee’s contribution at such rate as may be determined under subsection (3):

Provided that the amount contributed by an employer under this paragraph shall not exceed the highest rate of special contribution prescribed for any of the categories of contributors under subsection (2)(b); and

(f) in the case of the national government under subsection (1B), a special

contribution, as the Board, in consultation with the Cabinet Secretary, may determine”.

(e) by deleting subsection (3) and inserting the following new subsection—

“(3) A contribution under subsection (2) (a) and (b) shall be at such rate, depending on the person’s total income, as the Board, in consultation with the Cabinet Secretary, may determine.”

(f) by inserting the following new subsection immediately after subsection (3)—

“(3A) Subject to such guidelines as the Board may, from time to time issue, a person who wishes to receive an enhanced benefit under section 22(3) may make additional voluntary contributions to the Scheme”.

(g) in subsection (4) by deleting the word “Minister” and substituting therefor the word “Cabinet Secretary”;

(h) by deleting subsection (5) and substituting therefor the following new subsection—

“(5) The contributions made to the Fund under subsection (2) shall be mandatory”.

(i) by inserting the following new subsection immediately after subsection (5)—

“(6) The Cabinet Secretary may, in consultation with the Board, make regulations for the better carrying out of this section”.

20. Section 16 of the principal Act is amended—

Amendment of section 16 of No. 9 of 1998.

(a) in the marginal note by inserting the word “and matching” immediately after the word “standard”;

(b) by inserting a new subsection immediately after

subsection (1) —

“(1A) A person liable to pay a matching contribution under section 15 shall pay such contribution in their capacity as an employer and shall not deduct such contribution from the salary or other remuneration of the employee”.

(c) in subsection (2) by—

- (i) inserting the words “and matching” immediately after the word “standard”;
- (ii) deleting paragraph (c);

(d) in subsection (3) by—

- (i) deleting paragraph (b);
- (ii) deleting paragraph (c);

(e) by deleting subsection (4) and substituting with the following new subsection—

“(4) No sum deducted from the salary or other remuneration of an employee by his or her employer in accordance with the provisions of this Act shall be recoverable from the employer by that person once the contribution has been remitted to the Fund”.

(f) in subsection (6)—

- (i) by inserting the words “or matching” immediately after the word “standard” appearing in paragraph (a);
- (ii) by deleting the words “fifty thousand” and substituting therefor the words “one million” in the closing statement;

21. Section 18 of the principal Act is amended—

Amendment of
section 18 of No. 9
of 1998.

- (a) in the marginal note by inserting the words “and matching” immediately after the word “standard”;
- (b) by deleting subsection (1) and substituting therefor the following new subsection—

“(1) If a standard or matching contribution which a person is liable to remit under section 16, has not been remitted by the day on which the payment of the standard or matching contribution is due, the person shall be liable to pay a penalty equal to the lending rate of interest, of the amount of the contribution, as may published by the Central Bank of Kenya from time to time;

Provided that such penalty shall not be imposed on state agencies if the delay or non-remittance is caused by delay in disbursement from the National Treasury or delay in disbursement of any funds appropriated by the National Assembly.”

- (c) in subsection (2) by deleting paragraph (a) and substituting therefor the following new paragraph—

“(a) that employer shall be liable to pay the penalty prescribed in subsection (1) and pay the costs incurred by the employee when seeking treatment from a contracted health care provider during the period when the contribution is due”;

- (d) in subsection (3), by inserting the words “and matching” immediately after the word “standard”.

22. Section 19 of the principal Act is amended—

Amendment of section 19 of No. 9 of 1998.

- (a) by deleting the word “five times” appearing immediately after the words “penalty equal to” and substituting therefor the words “fifty percent of”; and
- (b) by deleting subsection (3).

23. Section 20 of the principal Act is amended by inserting the words “by the youth” immediately after the words “voluntary contributions”.

Repeal of section 20 of No. 9 of 1998.

24. The principal Act is amended by deleting section

Repeal and replacement of

21 and substituting therefor the following new section—

section 21 of No. 9
of 1998.

Mode of
identification of
beneficiaries
and payment of
contributions.

21. (1) The Board shall prescribe the mode of identification of a beneficiary, taking into account the existing legal framework for national registration.

(2) The Board may require a person who is liable to remit a payment for a standard and matching contribution under section 16 to furnish such information or particulars, or to produce such documents, as the Board deems necessary for that purpose.

(3) A person who—

(a) knowingly makes any false statement relating to a matter affecting his or her liability to remit a standard or matching contribution under section 16; or

(b) being required under subsection (2) to furnish information or particulars, or produce a document, refuses or neglects to do so without reasonable cause,

commits an offence and shall be liable on conviction to a fine not exceeding one million shillings or to imprisonment for a term not exceeding twelve months, or to both.

(4) Evidence of the payment of contribution shall be deemed conclusive if the person liable to pay the contribution has—

(a) a record of remittance of the contributions; or

(b) in the case of a standard contribution, a record of the contributor's monthly pay-slip that the contribution has been

deducted from his or her salary.

25. The principal Act is amended by inserting the following new section immediately after section 21—

Insertion of new section in No.9 of 1998.

Establishment of a centralized healthcare provider management system.

21A. The Board shall cause to be developed a centralized healthcare provider management system.

(2) The centralized healthcare provider management system shall be installed and used by all empaneled providers for the purpose of management of claims, payments and data collection.

(3) The Board may publish guidelines on the use of the centralized healthcare provider management system by empaneled and contracted health care providers.

26. Section 22 of the principal Act is amended by—

Amendment of section 22 of No. 9 of 1998.

(a) deleting subsection (1) and substituting therefor the following new subsection—

“(1) The Board shall pay from the Fund, a benefit to an empaneled or contracted health care provider for an expense incurred by the provider, for the provision of health care services through the centralized healthcare provider management, to the number of beneficiaries determined by the Board.”

(b) deleting subsection (2);

(c) deleting subsection (3) and substituting therefor the following new subsections—

“(3) The benefits payable from the Fund shall be subject to such limits, regulations and conditions as the Board may prescribe in

consultation with the Cabinet Secretary”.

(3A) The Board shall determine and approve the applicable tariffs payable to the Fund under section 15(3A) and payable out of the Fund under subsection (1), to empaneled contracted health care providers for an expense incurred by the provider for the provision of healthcare services to the number of beneficiaries determined by the Board.

(3B) The Board shall use the approved risk spreading mechanism on benefits of outpatient, inpatient and work injury benefits as provided under section 15, section 22 and section 43.”

(d) deleting subsection (4);

(e) adding the following new subsection immediately after subsection (4)—

“(5) Where a beneficiary has a private health insurance cover—

- (a) the private health insurance shall be liable for payment up to the limits the beneficiary is covered;
- (b) the Fund shall pay the daily rebate, for inpatient; and
- (c) the Fund shall cover the outstanding bill where private insurance cover’s limits for various benefits have been exhausted subject to the Fund’s applicable limits with respect to each benefit.”

27. The principal Act is amended by deleting section 23 and substituting therefor the following section—

Statements of
account.

23. The Board shall upon request avail a statement of accounts to a contributor, or a person who is liable to remit under section 16, with regard to their contributions.

Repeal and
replacement of
section 23 of No.
9 of 1998.

24. 28. The principal Act is amended by repealing section 24. Repeal of section 24 of No. 9 of 1998.
29. Section 25 of the principal Act is amended— Amendment of section 25 of No. 9 of 1998.
- (a) in subsection (1) by deleting the words “a fine not exceeding five hundred thousand shillings or to imprisonment for a term not exceeding twenty-four months, or to both” and substituting therefor the words a fine not exceeding one million shillings or to imprisonment for a term not exceeding sixty-months, or to both”.
- (b) in subsection (2)—
- (i) by deleting paragraph (b); and
- (ii) by deleting paragraph (c);
- (iii) by deleting the words “a fine not exceeding five hundred thousand shillings” appearing in the closing statement and substituting therefor the words “a fine not exceeding one million shillings”.
- (c) by deleting subsection (3);
- (d) in subsection (4)—
- (i) by deleting the words “Any declared hospital” and substituting therefor the words “A health care provider”;
- (ii) by deleting paragraph (ii) and substituting therefor the following new paragraph—
- “(ii) removal from the register of empaneled and contracted health care providers”.
- (e) by deleting subsection (5) and substituting with the following new subsections—
- “(5) The Board shall cause the name of every health care provider removed from the register under subsection (4)(ii) to be notified in the *Gazette*, at least two newspapers of national circulation and at the official website of the Fund.

(5A) A health care provider who has been removed from the register under section (4)(ii) shall not be entitled to receive any benefit from the Fund”.

30. Section 26 of the principal Act is amended—

Amendment of section 26 of No. 9 of 1998.

- (a) in the marginal note by deleting the words “and stamps”;
- (b) by deleting the word “Minister” appearing in the opening sentence and substituting therefor the word “Cabinet Secretary”;
- (c) in paragraph (a) by deleting the expression “or to the issue of any stamps or to the issue or replacement of any cards under this Act”; and
- (d) by inserting the following new paragraph immediately after paragraph (a)—
 - “(aa) the amount and rates of contributions payable by contributors into the Fund;”
- (e) in paragraph (d) by deleting the words “who have no dependants or who fulfill such other conditions or requirements as may be prescribed in cases of voluntary contributions”.

31. Section 27 of the principal Act is amended by deleting the word “Minister” appearing in the opening sentence and substituting therefor the words “Cabinet Secretary”.

Amendment of section 27 of No. 9 of 1998.

32. Section 29 of the principal Act is amended—

Amendment of section 29 of No. 9 of 1998.

- (a) in subsection (1) by deleting the word “Minister” appearing in the opening sentence and substituting therefor the words “Cabinet Secretary”;
- (b) by inserting the following new subsections immediately after subsection (2)—
 - “(3) For the purposes of Article 94 (6) of the Constitution—
 - (a) the purpose and objective of the delegation under this Act is to enable the

Board to make regulations for better carrying into effect the provisions of this Act;

- (b) the authority of the Board to make regulations under this Act will be limited to bringing into effect the provisions of this Act and fulfilment of the objectives specified under this section.

(4) The principles and standards applicable to the delegated power referred to under this Act are those found in—

No. 23 of
2013,
Cap. 2.

- (a) the Statutory Instruments Act, 2013;
- (b) the Interpretation and General Provisions Act,
- (c) the general rules of international law as specified under Article 2(5) of the Constitution; and
- (d) any treaty and convention ratified by Kenya under Article 2(6) of the Constitution.”

33. Section 30 of the principal Act is amended by—

Amendment of
section 30 of
No. 9 of 1998.

- (a) deleting the marginal note and substituting therefor the following new marginal note—

“Empanelment of Healthcare Providers.”

- (b) deleting subsection (1) and substituting therefor the following new subsection—

“(1) The Board shall, in consultation with the relevant accreditation bodies, publish in the *Gazette*, the list of empaneled health care providers for the purposes of this Act”.

- (c) deleting subsection (2) substituting therefor the following new subsection—

“(2) A notice in the *Gazette* under subsection (1) may be made subject to such conditions relating to the fees which may be

charged by the health care provider to any contributor under this Act (including conditions as to the amount of such fees and the requirement of the Board's consent to any variation thereof) as the Board considers it necessary and where any such conditions are made—

- (a) the Board may publish such conditions in the Gazette or in such other manner considers it necessary; and
- (b) a health care provider shall not charge any fees to any contributor under this Act which is contrary to such condition”.
- (d) deleting subsection (3) and substituting therefor the following new subsection—
 - “(3) The Board may, at any time, revoke any empanelment under this section”.
- (e) inserting the following new subsection immediately after subsection (3) —
 - “(4) A health provider whose empanelment has been revoked under this section may apply to the Board for the review of the revocation in the first instance and, if dissatisfied by the decision of the Board upon review, appeal to the High Court against the revocation.”

34. Section 31 of the principal Act is amended in subsection (1) by deleting the word “Minister” and substituting therefor the words “Cabinet Secretary”.

Amendment of section 31 of No. 9 of 1998.

35. Section 32 of the Principal Act is amended—

Amendment of section 32 of No. 9 of 1998.

- (a) in subsection (1) by deleting the word “declared hospital” appearing in paragraph (b) and substituting therefor the words “empaneled and contracted health care provider”;
- (b) in subsection (2) by—

(i) inserting the words “and matching” immediately after the word “standard” appearing in paragraph (a);

(ii) deleting paragraph (c) and substituting therefor with the following new paragraph—

“(c) in the case of an empaneled health care provider, whether the conditions, if any, attached to the empanelment or contracting have been met”.

(c) in subsection (3) by deleting the words “ten thousand shillings” and substituting therefor the words “one million shillings or to imprisonment for a term not exceeding twenty four months” appearing in the closing statement.

(d) in subsection (6) by deleting the words “ten thousand shillings, or to imprisonment for a term not exceeding twelve months or to both” and substituting therefor the words “ten million shillings, or to imprisonment for a term not exceeding sixty months or to both”.

36. Section 34(1) of the principal Act is amended—

Amendment of section 34 of No. 9 of 1998.

(a) by inserting the following new paragraph immediately after paragraph (a)—

“(b) government securities as may be approved by the National Treasury;”

(b) by deleting paragraph (b); and

(c) by deleting the proviso.

37. Section 36 of the principal Act is amended by deleting the word “Minister” and substituting therefor the words “Cabinet Secretary”.

Amendment of section 36 of No. 9 of 1998.

38. The principal Act is amended by deleting section 37 and inserting the following new section—

Amendment of section 36 of No. 9 of 1998.

Accounts and audit. 37. (1) The Board shall cause to be kept all proper books and records of account of the income, expenditure,

assets and liabilities of the Fund.

(2) The accounts of the Board shall be audited and reported upon in accordance with the Public Finance Management Act, 2012 and the Public Audit Act, 2015.

No. 18 of 2012.
No. 34 of 2015.

39. Section 38 of the principal Act is amended by deleting the word “Minister” and substituting therefor the words “Cabinet Secretary”.

Amendment of section 38 of No. 9 of 1998.

40. The principal Act is amended by repealing section 41.

Repeal of section 41 of No. 9 of 1998.

41. Section 42 of the principal Act is amended by inserting the following new subsection immediately after subsection (4)–

“(5) Despite any other written law, the assets of the Fund shall not be liable to attachment under any process of law.”

42. Section 43 of the principal Act by deleting the expression “Workmen’s Compensation Act (Cap. 236) or otherwise” and substituting therefor the expression “Work Injury Benefits Act, 2007”.

Amendment of section 43 of No. 9 of 1998.

43. Section 45 of the principal Act is amended by deleting the words “fifty thousand” and substituting therefor the words “one million”.

Amendment of section 45 of No. 9 of 1998.

44. The principal Act is amended by inserting the following new section immediately after section 45–

Exemption from 45A. The Insurance Act shall not apply to the Fund.
Cap. 487.

45. The First Schedule to the principal Act is amended in paragraph 6 by deleting the word “Minister” and substituting therefor the word “Cabinet Secretary”.

Amendment of the First Schedule to No. 9 of 1998.

46. The Second Schedule to the principal Act is amended—

Amendment of
the Second
Schedule to No.
9 of 1998.

(a) by deleting paragraph 2 and substituting therefor the following new paragraph—

Vacation of office. 2. The office of a member of the Board, other than an ex officio member, shall become vacant if the member—

- (a) at any time resigns from office by notice in writing to the Cabinet Secretary;
- (b) has been absent from three consecutive meetings of the Board without the permission from the Chairperson;
- (c) is adjudged bankrupt or enters into a composition scheme or arrangement with creditors;
- (d) is convicted of an offence involving dishonesty or fraud;
- (e) is convicted of a criminal offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding ten thousand shillings; or
- (f) is incapacitated by prolonged physical or mental illness.

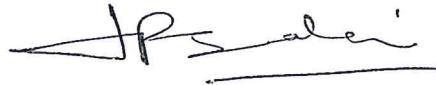
(b) in paragraph 3—

- (i) by deleting the words “and honorary treasurer” appearing in sub-paragraph (2) and substituting therefor the words “from among members of the Board except *ex officio* members of the Board”;
 - (ii) by deleting sub-paragraph (3);
 - (iii) by deleting the word “nine” appearing in sub-paragraph (4) and substituting therefor the word “five”;
 - (iv) by deleting the words “standing orders” appearing in sub-paragraph (8) and substituting therefor the word “guidelines”;
- (c) by deleting paragraph 5.

47. A person who is a member of the Board of the National Hospital Insurance Fund at the time of commencement of this Act shall serve for the remainder of his or her unexpired term.

Transitional provision.

I certify that this printed impression is a true copy of the Bill passed by the National Assembly on the 29th September, 2021.



Clerk of the National Assembly

Endorsed for presentation to the Senate in accordance with the provisions of Standing Order 142 of the National Assembly Standing Orders.



Speaker of the National Assembly

