

Cash Registers: Keeping Tabs on Bills, Payments and Accounts Automatically Makes Quality Hospital Care More Sustainable in Kenya

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Kenya: APHIA Financing and Sustainability Project

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APHIA Financing and Sustainability Project CASH REGISTERS



Keeping tabs on bills, payments and accounts – automatically – makes quality hospital care more sustainable.

Cash registers??

The lowly cash register, familiar to every supermarket shopper, is one of the keys to the financial sustainability of Kenya's national health care system. The cost sharing system introduced into the Kenyan health sector intended to increase revenue for government health facilities. The idea was that patients would pay modest fees for treatment, and claim reimbursements from the National Hospital Insurance Fund when eligible. Despite the good intentions, the hospital payment system was open to abuse and fraud by employees—to such an extent that the cost-sharing program was threatened.

The APHIA Financing and Sustainability (AFS) Project, a USAID funded technical assistance project, with Kenya's Ministry of Health, introduced cash registers as part of a financial reform package to rectify this accountability problem. Cash registers provide immediate reconciliation of a hospital service with an expected fee. This enables hospital departments to audit their services effectively, concentrating on managing departmental revenues and debtors rather than reconciling manual receipt books, which in the past had been easily manipulated by staff.



Under-collection was common

At Coast Provincial General Hospital, Kenya's second largest hospital, under collection was a regular occurrence at payment points, which meant that revenues were well below anticipated levels. Manual receipt books, in use since the beginning of cost sharing, permitted collection clerks to alter duplicate receipts for their own financial gain, causing confusion at patient payment points and long queues—to say nothing of revenue shortfalls.

In August 1998, the project installed five networked cash registers linked to a central server in the accounts office at Coast PGH. The cash registers were placed in the most strategically important areas of the hospital: maternity, laboratory, outpatient pharmacy, casualty and the NHIF unit, making pertinent and accurate financial information quickly and readily available to supervisors.

Staff were reluctant

With the help of the project, and under close technical supervision, a local company was subcontracted to install the cash register system using technology and resources available in Kenya. The company also trained operators and supervisors, which at first proved difficult. During the training period, the hospital's collection staff were reluctant to take the training, with some even refusing to participate, most likely because they anticipated that the "leakage" of collections under the old system would not be possible with the cash registers. Recognizing that the reaction indicated their potential to undercut the new system, the hospital administrator brought in seconded staff, who were then trained in the operation of the cash registers.

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There were a couple of minor hitches when the cash registers were first introduced. Some services received by patients were not reflected in the hospital bill paid at the cash register. To make the system more thorough and efficient, extra training was given to nursing and accounts staff. Some staff continued to be quite averse to the new cash registers and at every available opportunity would revert back to manual receipt books.



Cash register in operation at Coast Provincial General Hospital, Mombasa

Results were astounding

Over a period of time the cash registers achieved staggering results. In one month, revenue jumped from Ksh1.4 million to Ksh2.1 million, an increase of 47%. Similar high levels have been sustained since, with monthly revenue surpassing Ksh6.5 million in March 2001, an increase of over 400%.

The link with quality of care

The real value of cash registers can be measured by improved patient services and quality of care, which have been very evident at Coast PGH. Patients make fewer under-the-table payments in order to get favors from staff, queues for treatment are shorter and more orderly, and there is less movement of patients around the hospital looking for a place to make payments.

Next steps – going national

Following the successful introduction of cash registers into Coast PGH, the Ministry of Health senior management requested the project to assist with installation of networked cash registers at six large provincial hospitals and eight district hospitals between March and November 2000. Because of budgetary constraints it was necessary to strip down the configuration of the system to the minimum that was both affordable and practical. Each provincial hospital received a server and two networked cash registers, while district hospitals each received two stand-alone cash registers.

A word of caution

The cash registers did not replace the need for sound financial controls. While Coast PGH management had realized the potential for large revenue increases, they found that controls like rotating staff and checking receipts against volume of services were still required to make the use of cash registers completely effective.

Thus, for cash registers to achieve the desired revenue impact, tight and effective leadership and management by the hospital team continues to be required at all times. Improved internal checks and controls are necessary to prevent the development of any opportunity for fraud.

APHIA Financing and Sustainability Project

Implemented by Management Sciences for Health under USAID Contract No. 623-0264-C-00-7005, the project worked with Kenya's Ministry of Health and hospitals across the country to improve organizational performance and quality of services, control costs, increase revenues (and cash collection), and improve patient and staff satisfaction. The purpose of these activities was to improve the quality of care provided by the hospitals, as well as institutional sustainability.