

# Chapter 21

## Demand for Health Care in Kenya: The Effects of Information About Quality

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### ABSTRACT

*Although studies on health care demand have previously been conducted in Kenya and elsewhere in Africa, it has hitherto not been shown how health seeking behavior conditional on illness is affected by information on health care quality and by quality variation conditional on that information. This study develops and tests the hypothesis that the information available on service quality at a health facility significantly affects demand for health care, and therefore, parameter estimates that ignore information available to patients about service quality might be biased. The authors highlight the need for public provision of such information. They also draw attention to a potential limitation of demand analysis in the design and implementation of health care financing policies.*

### 1. INTRODUCTION

Poor health is cited as the most frequent and main cause and consequence of poverty. Martin and Haddad (2006) argue that in developing countries, some regions and segments of the population are particularly disadvantaged in terms of access to basic health care, and that broad availability of such care is essential for health improvements. It is not surprising therefore that quality health care provision is one of the priorities of the Government of Kenya.

Kenya's health care system is pluralistic with a wide range of players, including government, non-governmental organizations, and the private sector. The health ministry, operating a national-wide system of health faculties, is the largest financier of health-care services in the country. The health

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services are provided through a network of over 4,700 health facilities countrywide, with the public sector system accounting for about 52% of these, and the remainder being run by the private sector and non-governmental organizations.<sup>1</sup> Although the various players have expanded the physical infrastructure for health provision in Kenya, facility distribution and coverage remains uneven, especially in rural and underserved urban areas such as slums.

It has been argued that the government's effort to address the challenges of poor access to health care has been biased towards the supply side, e.g., the construction of new health facilities and recruitment of additional health personnel, but has ignored demand side issues (Kamau and Muriithi, 2006). Currently, with the introduction of devolved funds, and especially the Constituency Development Fund Act of 2003 (CDFA, 2003)<sup>2</sup>, many new health centers have been created, suggesting that at the grassroots level people are identifying health care provision as an important issue in the fight against poverty (Kamau and Muriithi, 2006). However, it is necessary to go beyond supply side issues and also consider factors that affect health seeking behaviors, because such factors might hinder utilization of the services made available to the poor (WHO, 2002).

In urban areas, slums harbor the poorest social groups who are often unable to afford basic health care. Although health services must of course be provided, policy makers need to understand the factors influencing demand for them to avoid spending resources on services that might not be used (Fosu, 1989). Despite well-known in-depth studies on health care seeking behavior in rural Kenya (Mbugua et al., 1996; Mwabu et al., 1995; Collins et al., 1996), similar studies in urban slums are missing.

This study is an attempt to fill this void. The need for a study of this kind is evident from results of a casual analysis we conducted using data from a baseline survey undertaken by UN-HABITAT in a Kibera slum in Nairobi under the auspices of a slum upgrading project in 2005 (Republic of Kenya, 2005). In that survey, over 70 percent of the respondents said they did not visit government health facilities even though these facilities were nearer than alternative facilities. Moreover, the alternative facilities visited were more expensive than the government facilities, both in terms of time spent to seek treatment, and the monetary expenditures on consultations and drugs. An even more puzzling finding from our preliminary analysis is the fact that patients who visited government health facilities said they faced no problem there with the availability of drugs, which in the health care demand literature is considered the main determinant of service quality (Mwabu et al., 1993; Sahn et al., 2003). Our working hypothesis is that uncertainty about the quality of a health facility can reduce or increase health care demand or leave it unaffected, depending on the kind of information households have concerning the available health services. For example, lack information about the quality or type of services at a health care facility and might affect the decision to visit or not to visit that facility. In addition there may also be information lag. For instance, if the last time an individual visited a facility quality of services received was poor then, even if service quality improves, the visit-probability may decrease because of information lag. The reverse is also possible so that a decrease in the service quality at a previously visited facility may have no effect on visits, if people have outdated information about service quality.

## **2. ANALYTICAL FRAMEWORK**

Following the established demand literature (Akin et al., 1995; Dow, 1995; Gertler and van der Gaag, 1990) we briefly describe the health care decision processes during an episode of illness,. Among the many factors that determine the choice of a health care facility by a patient is its quality. Health care qual-

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