MINISTRY OF HEALTH
OFFICE OF THE CABINET SECRETARY

**Press Statement by the Cabinet Secretary for Health, Hon. Aden Duale, EGH, in Response to Members of Parliament's Statement on the Social Health Authority (SHA)**

**Wednesday, 27th August 2025 | Afya House, Nairobi**

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I have taken note of the press statement issued by a section of Members of Parliament regarding the Social Health Authority (SHA), which contains several misleading claims and factual inaccuracies. It is imperative that we set the record straight and provide the public with the facts on our progress towards achieving Universal Health Coverage (UHC).

## 1. ON THE LEGAL ESTABLISHMENT OF SHA

It is shocking and deeply concerning that Members of Parliament would question the very existence of an Authority established by a law they themselves passed. The legislative authority of the Republic lies with Parliament under Articles 93, 94, 95, and 96 of the Constitution. The Social Health Insurance Act, 2023—which establishes SHA—was duly debated, passed, and assented to by the President.

The role of Parliament is to make law. The role of the Executive, which I lead in the health sector, is to implement those laws. The establishment and operationalization of SHA is a direct implementation of the will of the people of Kenya, as expressed through their elected representatives in Parliament. To now disavow this process is to disavow their own legislative mandate.

## 2. ON THE COST AND NECESSITY OF THE NEW DIGITAL SYSTEM

The allegations regarding the cost of the Integrated Healthcare Information Technology System (IHITS) are based on a fundamental misunderstanding and a deliberate misrepresentation of facts. The IHITS is a comprehensive national health ICT system that integrates various key players in the health sector, including healthcare providers, the Social Health Authority (SHA), the Kenya Medical Supplies Authority (KEMSA), the Digital Health Agency (DHA), and the

Kenya Medical Practitioners and Dentists Council (KMPDC), Clinical Officers Council (COC), Pharmacy and Poisons Board, among others.

In contrast, the **SHA ICT System** is a **component** of IHITS and specifically handles health finance and insurance services. This system is required by law to have a minimum **enterprise resource planning (ERP) functionality** to manage all of the SHA's processes and services. Its functions include:

- Providing for simple and verifiable digital payment of contributions.
- Processing and reviewing claims from healthcare providers.
- Assigning SHA numbers to registered members and identifying them when they access services.
- Managing the three new funds: the Primary Health Care Fund, the Social Health Insurance Fund, and the Emergency, Chronic and Critical Illness Fund.
- Providing a Grievance and Appeals System and a **Fraud and Waste Management** system that flags fraudulent claims in real time.

The Members fail to acknowledge the catastrophic failure of the defunct NHIF system, which has been documented extensively by oversight bodies they themselves trust:

- **National Assembly Departmental Committee on Health**: The Committee resolved to conduct a public inquiry after a media exposé alleged that some health facilities were paid approximately **Kshs 1.54 billion** for over 30,000 fraudulent claims between July 2022 and June 2023. The Committee's inquiry identified weaknesses in NHIF's Quality Assurance mechanisms and observed the possibility of fraud and corruption through the collusion of NHIF staff and healthcare providers. The Committee also noted that the Fund's claims payment processes had grave issues, that had occasioned overpayments attributed to "typing errors" by hospital clerks.
- The **Ethics and Anti-Corruption Commission (EACC)** report on the examination of systems, policies, procedures and practices at NHIF of February 2024 identified the NHIF system as the epicenter of fraud, citing its 25-year-old outdated architecture, lack of audit trails, and vulnerability to manipulation that led to billions in losses.
- The **Health Financing Reforms Expert Panel (HEFREP) 2019** report detailed systemic IT challenges, including outdated technology, weak security, and lack of transparent and accountability in the settlement of claims.

- The **Office of the Auditor-General (OAG)** in the year ended June 30, 2023, found that the NHIF's financial statements did not "present fairly" the Fund's financial position, performance, or cash flows due to several significant issues. The OAG gave an **adverse opinion** on the financial statements. It was consistently locked out of the NHIF system and was unable to verify transactions, an issue that a report in 2025 indicated has persisted for four years.

The old NHIF system was an infamous haven for corruption, fraud, and abuse, notoriously manipulated by a well-known political class for decades. Its greatest legacy was opaqueness—a deliberate shroud that hid payments from public view and served as a breeding ground for grand corruption and theft. To suggest we revert to that system is not merely misguided; it is a direct advocacy for a return to the looting of public funds.

In stark contrast, SHA represents a radical departure and our greatest weapon against this legacy. For the first time in history, we have instituted unprecedented transparency, publishing live, detailed data on exactly who is paid and for what. This is not a heist; it is a revolution in accountability.

Therefore, this new system is far more than a cost—it is a vital investment. It is an investment in piercing through the opacity of the past, in restoring public trust, and in securing a future where every Kenyan shilling is protected and dedicated to its true purpose: quality healthcare for all. This system is designed to end the plunder, not enable it.

## 3. ON ALLEGED CONFLICTS OF INTEREST

My career in public service spans over 20 years, a significant portion of which was spent in the corridors of Parliament in various leadership roles. My record on integrity and declaration of assets is a matter of public record, detailed in the Hansard from my vetting process. I challenge any individual to present a CR12 document from the Registrar of Companies that shows my ownership or directorship in the company alleged. I have none. I am ready and willing to present myself before any parliamentary committee or oversight body to account for every asset I own.

To weed out deep-rooted fraud within our health insurances, we urge all Kenyans to allow us to cleanup, prosecute and surcharge those found culpable without interference from anybody or any office including my former colleagues, some of whom own facilities that have been flagged through our System.

Regarding the Chairperson of the SHA Board, it is public knowledge that the Metropolitan Group PLC has already issued a public statement clarifying that he has no ownership, directorship, or management role in Ladnan Hospital. This witch hunt reeks of ethnic profiling, and we call upon the legislators to see the Chairman for what he is: a qualified Kenyan dedicated to public service. We must not allow the noble goal of Universal Health Coverage to be derailed by unwarranted politicization and trivialization of issues.

## 4. ON PAYMENTS AND FRAUD UNDER SHA

SHA has contracted over 11,000 health facilities—public, private, and faith-based—all individually licensed by the Kenya Medical Practitioners and Dentists Council (KMPDC) and the Clinical Officers Council, and onboarded onto a transparent digital health superhighway.

The so-called "rot" the legislators claim to have "unearthed" is, in fact, what SHA itself has proactively detected and made public. For the first time in 65 years, we have a system that flags fraud in real-time. The list of paid facilities and the reasons for claim rejections are publicly available on the SHA website and will remain so. This is not a heist; it is unprecedented transparency.

The Ksh 10.6 billion in rejected claims is not a failure of the system; it is proof of its success. It is a testament to our commitment to protecting every shilling contributed by Kenyans. This is a final warning to any facility, doctor, or patient engaged in fraud: you will face the full force of the law.

As Cabinet Secretary, my duty under the Constitution is to protect public resources. No amount of intimidation from any quarter, including the political class, will distract me and the team I lead in the full implementation of TaifaCare.

## 5. ON MEANS TESTING

Means testing is a globally accepted, scientific method of evaluating a person's ability to pay based on their income and assets. It is not an "awarding scheme" as misrepresented. Since October 2024, over 6.4 million Kenyans have successfully undergone means testing, with over 20,000 assessments done daily, allowing them to pay premiums commensurate with their income. This is a progressive and equitable system that protects the poor, and its success on the ground is evident.

## 6. ON PREPAYMENTS AND NHIF DEBT

The claim that prepayments are unfairly flagged is a fallacy. The system is designed to ensure compliance and accuracy. Any provider who has not fulfilled their obligations is rightly flagged—this is the system working to ensure fairness for all.

On the NHIF debt, I find it amusing that MPs are now personalizing the settlement of NHIF arrears. I pose a simple question: are these legislators advocating as facility owners with pending bills? The Ministry of Health is no longer a playground for corruption. It is a battlefield for reforms and the delivery of quality healthcare for all Kenyans.

## CONCLUSION

The Ministry of Health is steadfast in its mission. We have a social contract with the people of Kenya to deliver Universal Health Coverage. This transformation agenda is a promise we intend to keep. We will not be derailed by misinformation, vested interests, or political theatrics. We call on all Kenyans to stand with us as we cleanse the system and build a transparent, accountable, and equitable healthcare system for all.

Thank you.

**Hon Aden Duale, EGH**
**CABINET SECRETARY**