

NATIONAL HEALTH INSURANCE FUND



ANNUAL REPORT FOR THE FINANCIAL YEAR 2023/24





ANNUAL REPORT FOR THE FINANCIAL YEAR 2023/24

Access to Health Care for All

CORPORATE INFORMATION

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NMB Bank PLC,
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TCB Bank Ltd,
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Azania Bank Ltd,
 P.O. Box 9271,
DAR ES SALAAM

VISION, MISSION AND CORE VALUES



Vision

To be the leading health insurance scheme of choice in the Sub-Saharan Region.



Mission

Dedicated to expanding coverage and providing quality health insurance to beneficiaries.

Core Values



LIST OF ABBREVIATIONS

ADDO	Accredited Drugs Dispensing Outlets
Hon.	Honorable
ICT	Information and Communication Technology
IT	Information Technology
MP	Member of Parliament
NHIF	National Health Insurance Fund
NIN	National Identification Number
TZS	Tanzanian Shillings
UHC	Universal Health Coverage

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LETTER OF TRANSMITTAL



Hon. Ummy Ally Mwalimu (MP),
Minister of Health,
United Republic of Tanzania,
Afya Street, Mtumba,
P.O. Box 743,
40478 DODOMA

Honourable Minister,

**RE: THE ANNUAL REPORT OF THE NATIONAL HEALTH INSURANCE FUND
FOR THE FINANCIAL YEAR 2023/24**

As per Section 30(c) of the National Health Insurance Fund Act, Cap 395 R.E 2015, I am honoured to submit to you the Annual Report of the Fund for the Financial Year ended 30th June 2024.

2. The report consists of the status of the Fund and Audited Financial Statements for the Financial Year 2023/24, as a true and accurate record of the Fund's achievements and compliance.
3. I kindly submit,

A handwritten signature in blue ink, appearing to be 'Juma A.M. Muhimbi'.

FCPA. Juma A.M. Muhimbi

CHAIRMAN OF THE BOARD OF DIRECTORS

CHAIRMAN'S STATEMENT



The Financial Year 2023/24 is the first year of the Fund to implement Universal health insurance following the enactment of the Universal Health Insurance Act in 2023.

In line with that, the Fund has continued to strengthen relationships with external and internal stakeholders by opening the doors for stakeholders' engagement on Fund activities, especially on the implementation of Universal health insurance and improvement of the ICT system.

During the period, the Fund attained a significant number of achievements including enhancing the use of ICT systems in various areas such as online member resignation, and claim process, an increase in unqualified audit opinion, member registration, contributions collection and certification health facilities as well as Fund preparedness toward the implementation of UHI

The Fund has continued to implement its core functions in line with the Fund's Five-Year Strategic Plan covering the period of 2021/22-2025/26. The achievements attained during the period were highly contributed to by strong collaboration between the Board of Directors, Fund's Management and staff towards Universal Health Insurance.

Marking the board final term on Fund operations, we are grateful for the support received from the Government, esteemed NHIF beneficiaries and other key stakeholders that contributed to the Fund's performance and achievements.

On behalf of the Board of Directors, Management and staff of National Health Insurance Fund, I am honoured to present the Fund's Annual Report together with the Audited Financial Report for the Financial Year 2023/24.

A handwritten signature in blue ink, appearing to be 'Juma A.M. Muhimbi', written in a cursive style.

FCPA. Juma A.M. Muhimbi

CHAIRMAN OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS



FCPA. Juma A.M. Muhimbi
Chairman



CPA. Anne C. Mbughuni
Vice Chairperson



Bernard H. Konga
Board Secretary



Dr. Paul C. Chaote
Member



Violet O. Mordichai
Member



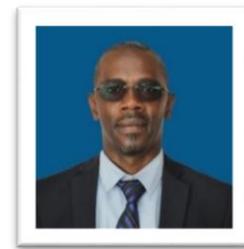
CPA. Maganga M. Japhet
Member



Dr. Samwel O. Ogilo
Member



CPA. Aziz H. Kifile
Member



Shaban A. Kabunga
Member

EXECUTIVE MANAGEMENT



Bernard H. Konga
Director General



Celestin L. Muganga
**Director of Planning and
Investments**



Dr. David R. Mwenesano
**Director of Medical and
Technical Services**



Lameck A. Kabeho
**Director of Human Resources and
Administration**



Christopher G. Mapunda
**Director of Membership
Services**



Grace A. Temba
Director of Finance



Alexander M. Sanga
**Director of Information and
Communication Technology**



Matamus A. Fungo
**Ag. Legal Services
Manager**



Leonia A. Masmin
Procurement Unit Manager



Baraka J. Maduhu
**Actuarial, Research and
Risk Manager**



Dr. Rose A. Ntundu
Anti-Fraud Manager



Thadeus R. Machume
Ag. Chief Internal Auditor



Anjela A. Mziray
Public Relations Manager

DIRECTOR GENERAL'S REVIEW OF OPERATIONS



The Financial Year 2023/24 marks the third year of implementing the Fund's strategic plan 2021/22-2025/26 and the first year towards the implementation of the Universal Health Insurance Act 2023.

This provides an opportunity for membership expansion and attainment of the Fund's vision of becoming the leading health insurance of choice in Sub-Saharan Africa.

It is my pleasure to present the overview of the Fund's implementations for the Financial Year 2023/24. This report covers the performance of the Fund's core functions, including membership registration, contribution collection, health providers' network expansion, health services quality assurance functions, and anti-fraud interventions.

During the period under review, the Fund registered **573,849** new members from both formal and informal sectors, resulting in an increase in the number of beneficiaries to **5,028,735** as of June 2024 from **4,978,856** registered as of June 2023.

The Fund also recorded revenues amounting to **TZS 757.9 billion**, whereby **TZS 700.1 billion** was insurance revenue, **TZS 50.8 billion** was from investments and **TZS 7.01 billion** was income from other sources. This is an increase of **8.1%** as compared to **696.7 billion** recorded in the previous year.

On the other hand, total expenditure for the period under review stood at **TZS 696.8 billion**, whereby **TZS 605.6 billion** were insurance service expenses, **TZS 85.7 billion** were retiree benefit expenses, and **TZS 5.4 billion** were other expenses. This translates to a decrease of **20.3%** from **TZS 874.1 billion** spent in the previous year.

The Fund is dedicated to providing quality services to its stakeholders to ensure customer satisfaction. To achieve this, the Fund ensures quality services provision and monitors customer satisfaction through surveys, whereby, for the period under review, a customer satisfaction level of 92% was attained.

In addition to that, constant efforts have been made to strengthen anti-fraud interventions to mitigate the risk of financial loss. Among the efforts made are the improvement of ICT in the identification and verification of members and claims management.

INSTITUTION PERFORMANCE

1. OPERATIONAL PERFORMANCE

1.1 Membership Coverage

For the Financial Year 2023/2024, the Fund strategically implemented various initiatives, including advocacy and educational programs nationwide, intended to enhance membership coverage. During the FY 2023/24, the Fund enrolled 573,849 new members from formal and informal sectors.

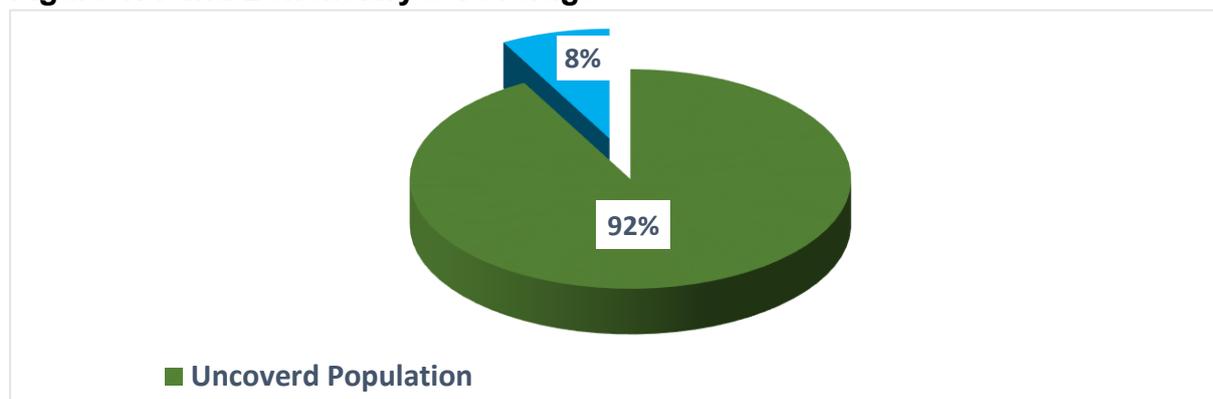
This achievement resulted in a cumulative 1,196,205 contributing members as of June 2024, representing a 12.6% decrease from the 1,368,314 members recorded for the fiscal year ending June 2023. The contributing factor for this decrease is the suspension of the TotoAfya Kadi product to allow for its review to ensure sustainability of the Fund.

Furthermore, the number of registered employers increased by 1.5% from 7,376 to 7,486 recorded in the Financial Year 2022/2023. Consequently, the total number of beneficiaries reached **5,028,735** a notable increase from the **4,978,856** beneficiaries recorded in the preceding period. This coverage now encompasses 8% of the United Republic of Tanzania Mainland's estimated population of 62,269,341 based on the 2024 projected demographic data. Details of members' registration are as shown in Table 1 below.

Table 1: Membership by category as of 30th June 2024

S/N	MEMBER CATEGORY	2023/24	PROPORTION
1	Public Employees	634,924	53.1%
2	Students	288,634	24.1%
3	Private Employees	159,846	13.4%
4	Insurance bundles (Vifurushi)	83,846	7.0%
5	Special group employees	11,937	1.0%
6	Toto Afya Kadi	16,105	1.3%
7	Other groups	913	0.1%
	Total	1,196,205	100%

Figure 1: Fund Beneficiary's Coverage



1.2 Certification of Health Facilities

During the period under review, the Fund increased the number of facilities certified to **10,004**. This represents a 9% increase from **9,185** certified facilities in the previous financial year. Among the certified facilities, **7,181** are government-owned, **848** are operated by Faith-Based Organizations, and **1,974** are privately owned, corresponding to 82%, 7%, and 12% respectively. The detailed distribution of accredited facilities by level and ownership is discussed in below.

1.2.1 Distribution of Certified Facilities by Ownership

Table 2 below presents a comparison of certified facilities by ownership category for the 2022/23 and 2023/24 financial years, revealing consistent growth across all provider groups. Government-owned facilities remain the largest contributors to the accredited network, increasing from 6,594 to 7,181 and accounting for 72% of all certified facilities in 2023/24. Private facilities also expanded from 1,763 to 1,974, representing 20% of accredited providers, while Faith-Based Organization (FBO) facilities grew modestly from 829 to 848, contributing 8% of the total.

Overall, the distribution reflects the Fund's sustained collaboration with a diverse mix of health service providers. This expansion plays a key role in broadening service coverage, improving beneficiary access, and strengthening the availability of health services across the country.

Table 2: Number of certified facilities by ownership as of June 2024

Facility Ownership	2022/23	2023/24	Proportion
Government	6,594	7,181	72%
Private	1,763	1,974	20%
Faith Based	829	848	8%
Total	9,186	10,003	100%

1.2.2 Distribution of Facilities by Level of Health Facility

Table 3 presents long-term trends in the certification of health facilities by level from 2001/02 to 2023/24, highlighting a steady and significant expansion of service availability across the health system. The most notable growth is observed at the primary healthcare level, where dispensaries increased from 2,618 in June 2002 to 7,229 as of June 2024, reflecting sustained government investment in frontline service delivery. Health Centres also grew substantially from 450 to 1,096, while hospitals expanded from 128 to 461, collectively strengthening access to both intermediate and specialized healthcare services nationwide.

Further growth is evident among pharmacies and Accredited Drug Dispensing Outlets (ADDOs), which have enhanced the availability of pharmaceutical services in both rural and urban settings. Polyclinics, Diagnostic Centres, and Evacuating Facilities have also increased, demonstrating diversification in the range of service providers

accredited by the Fund. Overall, the rise from 3,197 certified facilities in 2001/02 to 10,004 in 2023/24 underscores the Fund’s continued efforts to expand accreditation and ensure comprehensive access to quality healthcare services for all beneficiaries

Table 3: Number of certified facilities by level of health facility as of June 2024

Facility Level	2001/02	2005/06	2016/17	2019/20	2020/21	2021/22	2022/23	2023/24
Dispensary	2,618	3,346	5,360	6,485	6,252	6,582	6,619	7,229
Health Centre	450	385	705	853	832	912	939	1,096
Hospital	128	200	278	346	381	417	434	461
Pharmacy	1	36	320	597	560	685	635	648
ADDO			434	461	179	207	195	199
Polyclinics	0	0	37	211	265	360	349	357
Diagnostic Centre			6	16	13	14	13	12
Evacuating Facility						1	1	1
Total	3,197	3,967	7,140	8,969	8,482	9,178	9,185	10,003

2. FINANCIAL PERFORMANCE

The Fund has three sources of income, namely insurance revenue, investment and other income. As of June 2024, the Fund had collected a total income of **TZS 757.96 billion**, equivalent to an increase of 8.6 % from **TZS 696.79 billion** collected in the previous financial year. Out of the total income collected, insurance revenue collections were **TZS 700.11 Billion**, investment income **TZS 50.85 Billion** and other incomes **TZS 6.38 Billion** as shown in Table 4 below.

Table 4: Revenue Collection (In Billion TZS)

Descriptions	2022/2023	2023/24	Proportion (current year)
Insurance revenue	633.51	700.11	92.%
Investments Income	58.98	50.85	6.7%
Other Income	4.23	7.01	0.9%
Total Revenue	696.72	757.96	100%

2.1 Insurance revenue

Insurance revenue comprises statutory members’ contributions from Government employees and voluntary registered members. During the reviewing period, insurance revenue stood at **TZS 700.11 billion**, equivalent to an increase of 10%, compared to **TZS 633.51 billion** earned in the previous year.

The increase resulted from a rise in contribution income for Public Employees, Private Employees, and Health Insurance Bundles. The trend for insurance revenue is indicated in Table 5 below.

Table 5: Trend of insurance revenue from Financial Year 2019/20 to 2023/24

Year	Amount (Million TZS)	Growth
2019/20	467,772.19	9%
2020/21	489,479.55	5%
2021/22	552,580.23	13%
2022/23	633,508.83	15%
2023/24	700,106.80	10%

2.2 Investments Income

Investment income is generated from bonds, treasury bills, fixed deposits, shares, rent, and interest from issued loans. For the fiscal year ending June 30, 2024, the Fund recorded **TZS 50.85 billion** as Investment Income marking a decrease of **13.5%** from **TZS 58.98 billion** earned in the previous year. This decrease was a result of decrease in investible funds due to increase in benefits payments in the previous year. The trend of investment income as shown in Table 6 and 7 below.

Table 6: Trend of Investment Income from 2019/20 to 2023/24

Financial Year	Investment Income (In Million TZS)	Growth Rate
2019/20	80,757.62	-4.7%
2020/21	77,110.90	-4.5%
2021/22	69,446.95	-9.9%
2022/23	58,978.39	-15%
2023/24	50,845.10	-13.5%

Table 7: The Fund's Investment Portfolio as of 30 June 2024

Investment Portfolio	30 June 2024	%age	30 June 2023	%age	Approved allocation
	TZS'000		TZS'000		
Term and call deposits	149,410,611	23%	189,641,848	27%	0-35%
Government Loans*	180,033,024	27%	180,033,024	25%	0-10%
Government securities	180,059,133	27%	190,649,507	27%	20-70%
shares	154,494,485	23%	150,713,332	21%	0-20%
Total	693,997,253		711,037,711		

* Government loans portfolio exceeded the benchmark of 10% required by the regulator. However, the Fund obtained a special approval from BOT to maintain the ratio of direct loans to the Government above the allowable maximum limit of 10% of the total assets

Table 7 summarizes the Fund's investment portfolio as at 30 June 2024 in comparison with 30 June 2023, showing the distribution of investments across major asset classes against approved allocation limits. The total portfolio stood at TZS 693.9 billion in 2024, down from TZS 711.0 billion in 2023, with government loans and government securities each accounting for 27%, while term and call deposits and shares each represented 23%. Overall, the table highlights changes in asset allocation over the year and provides an overview of how the Fund's investments are aligned with its approved investment policy.

2.3 Other Income

The Fund generates other income from sources such as fees, administration of supplementary services, and the disposal of assets to diversify its revenue streams. As of June 2024, other income amounted to **TZS 7.01 billion**, representing an increase of **65.7%** compared to **TZS 4.23 billion** collected during the same period in the previous year. This growth was primarily driven by increased revenue from supplementary services and income from the replacement of identification cards.

2.4 Expenditure

During the Financial Year 2023/24, the Fund's total expenditure amounted to **TZS 696.79 billion**, reflecting a decline of 20.28% from **TZS 874.10 billion** recorded in the previous year. Of the total expenditure, **TZS 605.60 billion (87%)** were insurance services expenses, **TZS 85.75 billion (12.3%)** were retiree benefit expenses **TZS 5.45 billion (0.8%)** were other expenses.

Table 8: Expenditures for the Period Ending June 2024 (In Billion TZS)

Description	2022/23	2023/2024	Proportion
Insurance Services Expenses	771.69	605.60	87%
Retiree Benefit Expenses	91.04	85.75	12.3%
Other expenses	11.37	5.45	0.8%
Total Expenditure	874.1	696.8	100%

2.5 Benefit Payments

Benefit payments represent the largest component of the Fund's total expenditure. In the Financial Year 2023/24, benefit payments decreased by **13.47%**, amounting to **TZS 643.15 billion**, compared to **TZS 743.28 billion** in the previous Financial Year.

The decline in benefit payments is attributed to several factors, including the continued enhancement of ICT systems and controls, regular review and updating of the benefit package, strengthened anti-fraud measures, and the deployment of staff at major health facilities to verify members prior to service provision, thereby ensuring the control of unjustifiable claims.

Table 9: Trend of Benefit Payment from 2019/20 – 2023/24

Financial Year	Benefit payment (In Billion TZS)	Growth Rate %
2019/20	499.41	5%
2020/21	540.55	8%
2021/22	674.25	25%
2022/23	743.28	10%
2023/24	643.15	-13.5%

2.5.1 Benefit Payments by Facility Ownership

The Fund has reimbursed claims to health facilities across different ownership types. Out of the total benefit payments to health facilities, **27%** was disbursed to faith-based facilities, **35.9%** to government-owned facilities, and **37.5%** to privately owned facilities. The detailed distribution of payments is presented in Table 10 below:-

Table 10: Benefits Payments by Facility Ownership Type

Ownership Type	Amount Paid (In Million TZS)	Proportional to Total
Faith-Based	171,077.02	26.6%
Government Owned	230,889.66	35.9%
Privately Owned	241,180.01	37.5%
Total	643,146.69	100%

2.5.2 Benefits Payments by Type of Service

During the period under review, out of the total benefit payments, expenditures on medicines and medical consumables accounted for 45%, followed by investigations at 16%, and consultation charges at 13%, as presented in Table 11.

Table 11: Benefits Payments by Type of Service

Type of Benefits	Amount Paid in Millions	Proportion
Medicines & Medical Consumables	270,940.14	45%
Investigation	98,148.43	16%
Consultation Fee	79,270.82	13%
Procedure	66,604.86	11%
Surgical Services	32,799.56	5%
Inpatient Services	31,709.24	5%
Other Charges	23,310.17	4%
Cardiac services	5,160.27	1%
Total	607,943.49	100%

2.5.3 Benefit Payments by Level of Facility

Analysis of benefit payments by facility level indicates that the highest payments were made to Zonal Referral Hospitals, accounting for **29.97%** of total disbursements,

followed by Regional Referral Hospitals at **23.42%**. The category with the lowest payments was evacuation services, representing only **0.04%** of total benefit payments. Further details are presented in Table 12.

Table 12: Benefits Payments by Facility Level for the FY 2023/24 (In Millions TZS)

Facility Category	Number of Visits	Total Amount Claimed	Total Amount Paid	Reimbursement Rate	% To Total Payment
Zonal Referral Hospital	1,913,356	206,401.83	193,194.83	94%	29.97%
Regional Referral Hospital	3,092,926	153,797.20	150,624.95	98%	23.42%
National Referral Hospital	739,763	99,559.43	95,154.56	96%	14.80%
Polyclinic	2,234,001	87026.34	86,117.34	99%	13.39%
District Hospital	2,366,199	55,321.27	54,410.21	98%	8.46%
Health Centres	1,650,737	21,730.79	20,709.32	95%	3.22%
Specialized clinics	291,231	16,635.04	16,400.24	99%	2.55%
Dispensary	1,917,593	15,421.29	14,149.23	92%	2.20%
Pharmacy	111,594	10,369.87	10,276.24	99%	1.66%
Diagnostic Centres	12,648	1,926.87	1,865.13	97%	0.29%
Evacuating services	55	244.64	244.64	100%	0.04%
Total	14,259,103	667,834.62	643,146.69	96%	100.00%

3. MAIN ACHIEVEMENTS

3.1 Fund's reserve

The Fund recorded a surplus of **TZS 49.8 billion** in the current financial year, a notable improvement compared to the deficit of **TZS 216.65 billion** reported in the previous year ending June 2023. This positive turnaround reflects enhanced financial sustainability and reinforces the Fund's capacity to provide quality services to its beneficiaries.

3.2 Improved use of ICT Systems

The Fund continued to advance the digitalization of its major operations, resulting in the introduction and enhancement of several key initiatives, including: -

- a. Biometric verification of members at the point of care;
- b. Members verification through the National Identification Number (NIN);
- c. Electronic identity cards; and
- d. Online certification applications.

3.3 Stakeholder engagement

The Fund has continued to foster strong relationships with its stakeholders, including employees, regulators, authorities, suppliers, contractors, employers, members, service providers, the Central Bank, commercial banks, and the Tanzania Revenue Authority. During the period ending 30 June 2024, the Fund conducted 51 stakeholder meetings, a significant increase from the four meetings held in the previous financial year. This increase reflects the growing need to advocate and educate service providers on the approved 2023 benefit package, as well as to engage development partners on the implementation of Universal Health Insurance (UHI). In addition, the Fund employed multiple communication strategies, including social media, electronic and print media, the Fund's website, and its call centre, to maintain continuous engagement with stakeholders.

3.4 Recruitment of new members

During the reporting period, the Fund successfully recruited **573,849** new members, bringing the total number of contributing members to **1,196,205**, with an overall beneficiary population of **5,028,735**. This growth contributed to a 10% increase in members' contributions income, rising from **TZS 633.51 billion** in the 2022/23 Financial Year to **TZS 699.26 billion** in the current period.

3.5 Certification of Health Facilities

During the period under review, the Fund increased the number of facilities certified to **10,004**. This represents a 9% increase from **9,185** certified facilities in the previous financial year. Among the certified facilities, **7,181** are government-owned, **848** are operated by Faith-Based Organizations, and **1,974** are privately owned, corresponding to 82%, 7%, and 12% respectively.

3.6 Loans to Service Providers

The Fund continued to provide loans to certified health service providers to support improvements in the delivery of health services to beneficiaries and the wider community. During the reporting period, the Fund disbursed a total of **TZS 3.64 billion** to health facilities, enabling the purchase of medical equipment, procurement of essential medicines, and rehabilitation of infrastructure. These investments have contributed to ensuring the provision of quality health services to beneficiaries.

3.7 Anti-fraud interventions

During the period under review, efforts were undertaken to detect and investigate fraud originating from members, employers and service providers with the aim of minimizing financial losses to the Fund. As a result, a total of **TZS 5.44 billion** has been identified for recovery through anti-fraud efforts undertaken.

4. MAIN CHALLENGES AND WAY FORWARD

The Fund has faced several challenges in its day-to-day operations. To ensure the attainment of corporate goals and the continuous improvement of the Fund's services, it is essential to implement targeted measures to address the identified challenges, as outlined below:

4.1 Fraudulent practices

Fraudulent practices by service providers, beneficiaries, and employers remain a challenge to the Fund. To mitigate this, the Fund has implemented several measures including the use of biometric systems for member verification, stationing of NHIF Staff at health facilities for verification and quality assurance, mandatory use of the National Identification Number during registration, and online claim submission and verification. Nevertheless, it is essential that the Fund continues to invest in further anti-fraud initiatives including enhancing its ICT infrastructure to strengthen the prevention and detection of fraudulent activities.

4.2 Adverse selection.

The Fund continues to face a challenge of adverse selection resulting from members who join whilst already fallen sick. This occurs mostly to members who join the Fund voluntarily such as private employers and individuals. This situation poses a threat to the Fund's sustainability.

The implementation of the Universal Health Insurance (UHI) Act presents an opportunity for the Fund to enroll members from the private formal and informal sectors in large numbers thereby minimizing the risk of adverse selection. In parallel, the Fund will continue to implement its Marketing Strategy to expand membership coverage, while also developing robust stakeholder engagement platforms to enhance collaboration. Targeted recruitment efforts in the private and informal sectors will further strengthen the Fund's membership base and contribute to the attainment of universal health coverage.

4.3 Rapid Changes in Technology

Rapid technological advancements come with various risks including the risk of cyber threats as well as the risk of falling behind in application of modern technologies to enhance the Fund's operations. To mitigate these risks, the Fund will regularly conduct comprehensive security audits, invest in advanced security technologies, and provide continuous training to ICT experts to keep pace with emerging technologies. In addition, the Fund will invest in educating its employees on evolving cyber threats to strengthen organizational awareness and resilience.

4.4 Non-adherence to the Referral System

The rising claim costs are largely driven by patients bypassing lower-level facilities and seeking care at referral-level hospitals for conditions that can be effectively managed at the primary care level such as in dispensaries. To ensure optimal utilization of resources, it is imperative that the Fund, in collaboration with the Ministry of Health (MoH), develops and enforces robust mechanisms to strengthen the referral system and promote adherence across all levels of care.

4.5 Absence of Medical Services Prices Regulation

Currently, the market does not have a Medical Services Prices Regulation, which leads to inflation of prices since the Fund adjusts the cost of medical services in line with prevailing market rates. The establishment of a Medical Services Regulator will regulate healthcare prices nationwide, ensuring fair pricing and supporting the Fund's long-term sustainability. Therefore, the Fund should continue to advocate for the creation of such an authority.



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Bernard H. Konga

DIRECTOR GENERAL