

Can South Africa afford NHI?

Mariam Isa: FinWeek, 20 October 2020

SOUTH Africa is on course to launch its hotly debated National Health Insurance (NHI), an ambitious but controversial plan to bring free quality healthcare to all South Africans, by pooling the resources of the public and private sectors and establishing a single state entity to procure and pay for their services. While there are no arguments against the ultimate goal of improving healthcare for the majority of South Africans in a deeply unequal society, there is widespread alarm at the sweeping reforms proposed in the NHI, which critics say could collapse the country's entire health system. An overriding concern is that there is huge scope for corruption in a monopolistic entity that will be run by political appointees, particularly as the existing public health sector has already become a hotbed of corruption, inefficiency and mismanagement. PPE corruption has increased scepticism The looting of money that was made available by government to purchase personal protective equipment (PPE) and other materials in response to Covid-19 has only reinforced those fears, and the government's bid to identify and bring culprits to book have so far failed to restore public trust.

Many top health professionals warn that the NHI overlooks - perhaps deliberately - the crisis in the public health system, which has deteriorated rapidly over the past decade. They argue that the new entity will fail to achieve what is most important - rehabilitating public healthcare and regulating private healthcare, which is becoming increasingly unaffordable.

Money paid to private medical aid schemes will be channelled into the NHI, threatening their survival. What is on offer is a "chimera", said Aslam Dasoo, a doctor who co-convened the Progressive Health Forum, a voluntary association of health experts from the private and public sector, and a member of the ANC Stalwarts and Veterans group. In Greek mythology, a chimera was a monstrous fire-breathing hybrid creature composed of the parts of more than one animal. The word is also used to describe an illusion, or a dream that is unattainable. Government must rehabilitate public health system Dasoo said. The noisy propagation of the NHI concept, and the extended timeline for implementation, masks the continuing deterioration of public services.

At best, it will be used as a political fig leaf by a health administration that is being exposed daily as not being up to the task it is constitutionally obliged to perform.

He said the role of the government must be to immediately and pointedly focus on rehabilitating the public health system. You can't do that if you are going to have a fund that acts as a large medical scheme with all the language of insurance in it, and huge overhead costs. The government says that Covid-19 both highlighted the urgency of establishing the NHI and demonstrated that it would work, as the public and private sectors mounted what it describes as a coordinated and effective response. Health Minister Zweli Mkhize said now that everyone has had an opportunity to see that not only is it possible to pool and share resources to mitigate the effects of public health shortcomings, it is absolutely necessary and the only logical step in the right direction. He cited, among other things, a coordinated testing and tracking strategy, quick agreements with private hospital groups for pricing and

accepting state patients, and the deployment of thousands of healthcare and community care workers for a nationwide screening and testing programme.

But the reality is somewhat different. Most of the testing was carried out by the private sector, particularly in the early stages of the pandemic, and it took weeks for the hospital agreement to be reached - by which time the peak of the pandemic had passed. Only a handful of public sector patients were treated in private hospitals, although the hospitals were prepared to take them. Too much power in the hands of politicians.

Mkhize also said that refurbishment and building of infrastructure to handle Covid-19 patients took place “almost instantly”. That is true to some extent, but it is now apparent that some of the facilities were unnecessary and shockingly overpriced, as was much of the PPE purchased by health departments during the pandemic.

The (former) head of Gauteng’s health department, Professor Mkhululi Lukhele, was forced to resign in October after the Special Investigating Unit (SIU) found that he failed to exercise his responsibilities in the awarding of contracts to certain companies for procurement of goods and services that were part of the province’s Covid-19 response. The SIU, tasked with investigating allegations of corruption during the pandemic, is probing PPE and related health department tenders worth R5.08-billion - roughly half of the Treasury’s R10.38-billion Covid-related expenditure.

Many, if not most of the products, were sourced from companies that were not licensed by the SA Health Products Regulatory Authority, the country’s watchdog for healthcare products.

Strategic purchasing must be impartial Angelique Coetzee, the chairperson of the South African Medical Association (SAMA), said the pandemic raised the issue of corruption and showed us what we expected. She said that is a huge concern with the NHI, adding that Sama doesn’t think there should be a lot of power in the hands of people in political positions.

The corporate governance model of the NHI is a political one, points out Professor Alex van den Heever, chair of social security systems, administration and management studies at the Wits School of Governance. He said that all appointments to the board, including of the CEO, will be made by the Minister of Health, who also currently appoints the board and executive of the Office of Health Standards Compliance - which is the entity that will be responsible for accrediting health providers contracted by the NHI.

District health management offices will be set up and establish units to receive funds from the NHI to contract with the accredited primary care providers. Sama said in its response to the tabling of the NHI bill in Parliament last year that the intention to contract both public and private must not end up as lip service. Strategic purchasing must be impartial and must draw on the full capability of the private sector. The organisation warns that the NHI must also ensure that its goal of obtaining services at the lowest possible price and does not endanger the sustainability of service providers or the quality of care provided to patients.

The contracting and payment models to be established by the NHI are complex and questions have been raised about its capacity to manage the efficient processing of claims and repayment.

There are presently no requirements for the NHI to pay claims within 30 days. ‘NHI will not be as complex as running a big medical aid scheme’. Olive Shisana, chairperson of the NHI Ministerial Advisory Committee, is dismissive of concerns over capacity and change management, saying that running the NHI will not be as complex as running a big medical aid scheme - primary care packages will be standardised in terms of price and content. SA’s health system is badly in need of reform - only 15 percent of the population, or about 8.9-million people, can afford private medical care using medical insurance schemes.

But skilled professionals follow financial resources, and the Health Department has said most are concentrated in the private sector. The discrepancy is even more glaring when you consider the fact that the global average of doctors to patients stands at 152 to every 100 000 - in SA, the ratio is 60 to every 100 000.

An exodus of South African healthcare professionals has gathered momentum in the face of uncertainty over how they will be affected by the NHI and presently there is no training pipeline adequate to meet the needs of the new system.

Failure of pilot projects

Another worrying indication of NHI performance is that more than R5-billion has been spent on pilot projects in the past four years, but a detailed evaluation by private consultancy Genesis Analytics was unable to conclude whether they had improved any district’s overall health because of problems with data quality. Projects were rarely implemented or completed due to a lack of planning and funds not being released in time, while the funds that were released were used mainly for new infrastructure without addressing critical maintenance at existing facilities, according to the head of Genesis Analytics, Saul Johnson.

Plans for the NHI have been in the works for more than a decade. Concerns over cost have been a major obstacle and there is still no clear financial model in place, apart from an outdated estimate that there will be an annual price tag of about R256-billion. Finance Minister Tito Mboweni said the NHI was unaffordable during his medium-term budget last October, and state finances are now in worse shape because of the economic impact of the pandemic. Shisana said the project will be financed by repurposing the existing healthcare budget and the gradual removal of tax credits for medical aid, which has already begun. The state will be able to stop spending money on private healthcare for its own employees.

Since the NHI Bill was finally tabled in Parliament last August, submissions flooded in, and the portfolio committee on health is sitting with 32 217 hand-delivered and 32 634 emailed submissions. There has been talk of outsourcing the work, which may prompt legal challenges. Nonetheless, government is pushing ahead. Shisana cannot predict exactly when the bill will be passed, but is hoping that before April next year it should at least have gone through the National Assembly.

Mkhize said that it will probably take about nine to twelve months before the bill begins to be implemented.

But Van den Heever believes the timelines are still unrealistic. He said the idea that the poorly drafted bill will make it through Parliament is a further stretch. They still have to process thousands of technical comments and then make amendments. Van den Heever added that the health committee lacks the technical knowledge to completely redraft the bill, which is what is required for it to reach finality without legal challenge.

Private providers are putting their best feet forward

Many private healthcare providers and medical insurance companies are putting their best feet forward on a path which they know is inevitable. Richard Friedland, CEO of Netcare, said that Covid-19 exposed some of the fault lines in primary healthcare, showing that non-communicable diseases like diabetes, asthma and hypertension - the co-morbidities which made fatalities more likely - were not under control. He believes that we must find an equitable way of providing healthcare for all in SA and to do that primary healthcare needs to be strengthened. Friedland said the NHI is potentially a springboard for that and Netcare stands ready to support those initiatives.

Discovery Healthcare CEO Ryan Noach said that the company is looking forward to participating in Parliamentary deliberations on the NHI bill in the final quarter of 2020. He said Discovery is seeking clarity on the potential impact of the bill on the future role of private healthcare and medical schemes. Noach said the bill creates room for differing interpretations, and Discovery will play a constructive role in this important debate, aimed at achieving a sustainable future for private healthcare and medical schemes.