

There are alternative solutions to SA's ill-fated NHI

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THERE is a clear disconnect between reality and what government is feeding the public as regards NHI, according to Michael Settas, managing director, Cinagi, who was speaking at the Free Market Foundation's (FMF's) Health Policy Unit (HPU) event on NHI. He said analysis of resources in the public sector showed a doubling in real, per capita health expenditure over the past 20 years and an increase in public sector medical personnel of 42%.

Settas said an international analysis put our public sector expenditure levels higher than many richer developing countries, whereas our outcomes lagged near the bottom. He said the government seeks to convince the public that more funding is all that is needed to improve outcomes, yet the evidence clearly shows the contrary. Settas said the sad reality for the country's citizens, is that it is the spectre of endemic corruption, maladministration, institutionalised cadre deployment and widespread governance failures that have stripped the public sector of its capacity to deliver quality healthcare.

Inconsistent with the Constitution

Patrick Bracher, director, Norton Rose Fulbright, said that the NHI Bill is inconsistent with the Constitution. He said the hope of everyone should be that the government recognises the impossibility of implementing the NHI Bill and fulfils its primary undertaking to strengthen the existing healthcare system. There are already sufficient structures and resources which, properly governed, will fulfil the worthy promise in the preamble to the Bill to enable everyone to access the highest attainable standards of healthcare services based on social solidarity.

Professor Alex van den Heever, chair of social security systems administration and management studies at the Wits School of Governance, said that the NHI has been abstracted from the reality of South Africa's health system. The proposal lacks feasibility on two fronts. First, the financing suggests that the proposers have no understanding of basic public finance principles. Second, the institutional approach assumes that we can sweep away both our public and private systems and implement a third, untested system. When both these features are considered, the capabilities of state to take forward the NHI are not equal to the task it has given itself. Van den Heever said it also suggests that government does not understand the health system problems South Africa is facing. As a consequence, the necessary reforms will never happen.

Preconditions for successful healthcare reform

He said the necessary reforms do not require a reconfigured health systems architecture. In the public sector we require a revised governance framework which properly separates the executive of government from the delivery of services. In the private sector we need to begin addressing the reform framework proposed by the Health Market Inquiry. However, Van den Heever said, it appears as though the top health policymakers are permanently distracted by graft rather than addressing appropriate health reform. There is presently a severe lack of leadership that undermines the ability of the state to take forward even the most basic health reforms.

Until this is addressed we will constantly be peppered with phony reforms that will never see the light of day and a health system that is incrementally in decline.

FMF deputy director, Chris Hattings, observed that there is no good reason to believe that the NHI will outperform the country's other state-owned enterprises. He said centralising the management of all healthcare in South Africa in the hands of the state, as the NHI would require, will not achieve better universal health coverage, especially not for indigent citizens.

There are many reforms that can be made in South Africa without adopting the NHI. Such reforms will increase accessibility, quality, and sustainability in the healthcare sector. The FMF has proposed, among other things, the following:

- Privatising the provision of healthcare. Public hospitals could be transferred to those who work in

them, or sold to those who wish to buy them, on condition that affordable care remain the primary consideration in the business model;

- Financing healthcare for the poor via state-sponsored vouchers, which the indigent can spend at any healthcare facility of their choosing;
- Encouraging more private hospitals by deregulating the industry and eliminating certificates of need and other political interferences;
- Reducing prices and increasing healthcare quality through increased competition;
- Allowing the private sector to train doctors and nurses without arbitrary state-dictated limits;
- Encouraging income-producing medical tourism;
- Retaining skilled South Africans and attracting others by removing the limit on skilled foreign doctors;
- Deregulating medical schemes so they can offer their clients exactly what they want at prices lower than those required by state-enforced minimum benefits;
- Deregulating pharmacies;
- Strengthening the IP rights of pharmaceutical innovators;
- Removing price controls, which send mixed messages to the industry, leading to less healthcare supply and lower quality service;
- Speeding up registration of clinical trials and, where appropriate, deferring to the judgments of respected foreign medical regulators that have already approved those medicines;
- Giving those who pay for their own healthcare a tax deduction; and,
- Allowing low-cost insurance options.