

National Health Insurance

Presentation to NEHAWU Political
School



1. Introduction

■ Achievements in the last 15 years

- ◆ An end to apartheid administration of health
- ◆ expansion of free primary health care,
- ◆ Began to address shortages of doctors
- ◆ revitalisation and refurbishment of hospitals,
- ◆ scaling-up ART roll-out,
- ◆ improvements in the pharmaceutical logistics chain,
- ◆ combating smoking
- ◆ establishing a legislative and regulatory framework for the medical schemes industry.

2. The two-tier health care system

- SA spend R135-billion on health (or 7% of GDP) in 2008.
 - ◆ This could be enough to provide health care for all South Africans.
 - ◆ Countries with NHI provide less than we pay
- But despite these resources, poor infant and child, low life expectancy rate prevail

WHY?

2. Two-tier health care system (Cont..)

- Massive inequalities in the distribution of income and health services.
- Our inability to provide health care for all is costly socially and financially:
 - ◆ **60% of resources** in the for-profit private health sector, especially in medical schemes, but serving only **7-million population**.

2. Two-tier health care system (Cont..)

- ◆ **60% of resources** are in the for-profit private health sector, especially in medical schemes, but serving only **7-million population**.
- ◆ The **40 million** South Africans) and those who are “**under-insured**” by medical schemes rely on the public health sector, which account **40%** of health care funding.

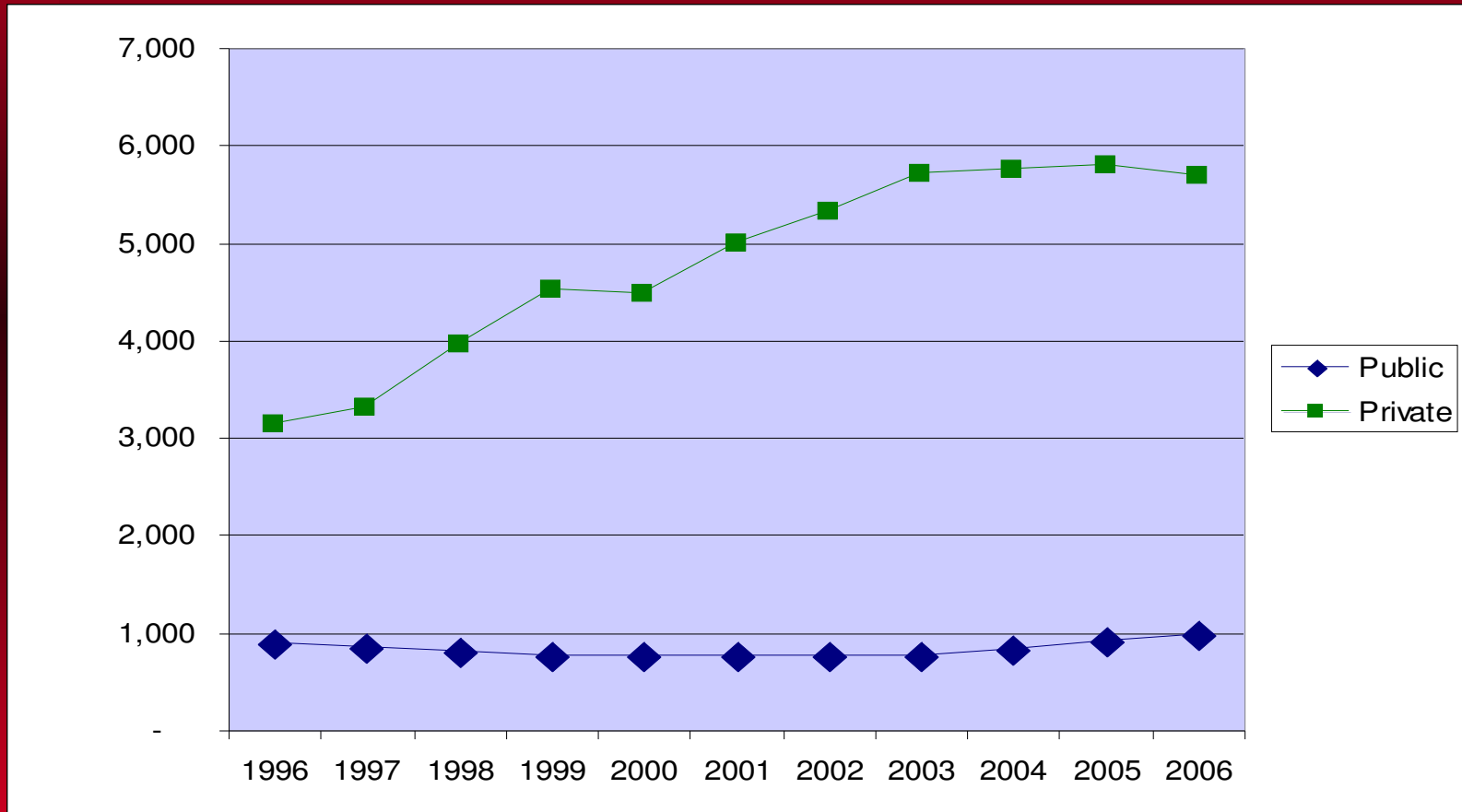
2. Two-tier health care system (Cont..)

- The existence of profit-oriented private health sector and need-oriented and not-for-profit public health sector, two systems running parallel to each other, one for the minority who are largely wealthy and one for the majority, who are poor, one with more resources and the other with less, is what characterise our health system as a **two-tiered health system**.

2.1 Distribution of health care resources between public and private sectors (2005)

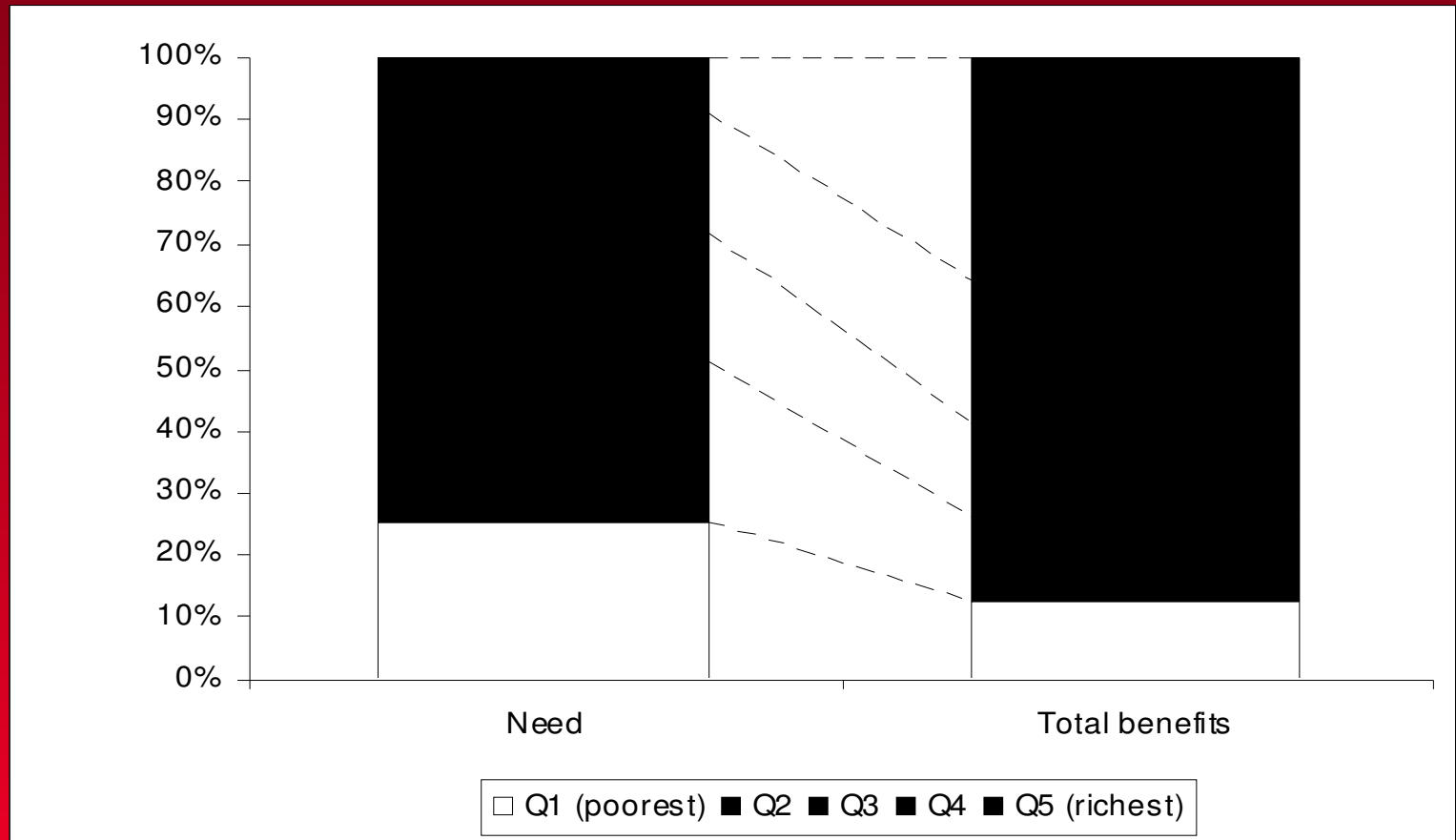
Item	Private sector	Public sector
Population per general doctor	(243) 588*	4,193
Population per specialist	470	10,811
Population per nurse	102	616
Population per pharmacist	(765) 1,852*	22,879
Population per hospital bed	194	399

2.2 Trends in real per capita health care expenditure in public sector and medical schemes (2000 base year); 1996-2006



Source: McIntyre et al. (2007)

2.3 Comparing total benefit incidence with levels of health care need



Source: Ataguba & McIntyre (2009)

3. Public sector challenges

- **Problems of funding and staffing**
 - ◆ **Decade of underfunding**
 - ◆ **Decade of under-staff**
- **Public hospital management failure**
 - ◆ **No powers, incompetency**
- **Shortage of drugs in public health facilities.**
 - ◆ **e.g. AIDs medicine**

3. Private Sector Challenges

- High cost of medical schemes for workers and employers
 - ◆ cost being above inflation
 - ◆ Medical scheme are expensive, therefore unaffordable
 - ◆ It can cost you between R12,000 to R80,000 per year.

3. Private Sector Challenges

■ Membership declines

- ◆ From 20% of the population in 1994 to 15% today
- ◆ Current economic crisis makes things worse

■ Growing out-of-pocket expenses

- ◆ Exhaustion of medical aid benefits – leading members having to pay out of pockets
- ◆ The ‘underinsured’ – those with cost-sharing and limited benefits

3. Private Sector Challenges

- Diverting billions of rands from health care
 - ◆ spent on marketing, administration, broker fees etc
- Tax Subsidy for medical scheme contributions
 - ◆ favour the rich, exclude modest and low income workers.

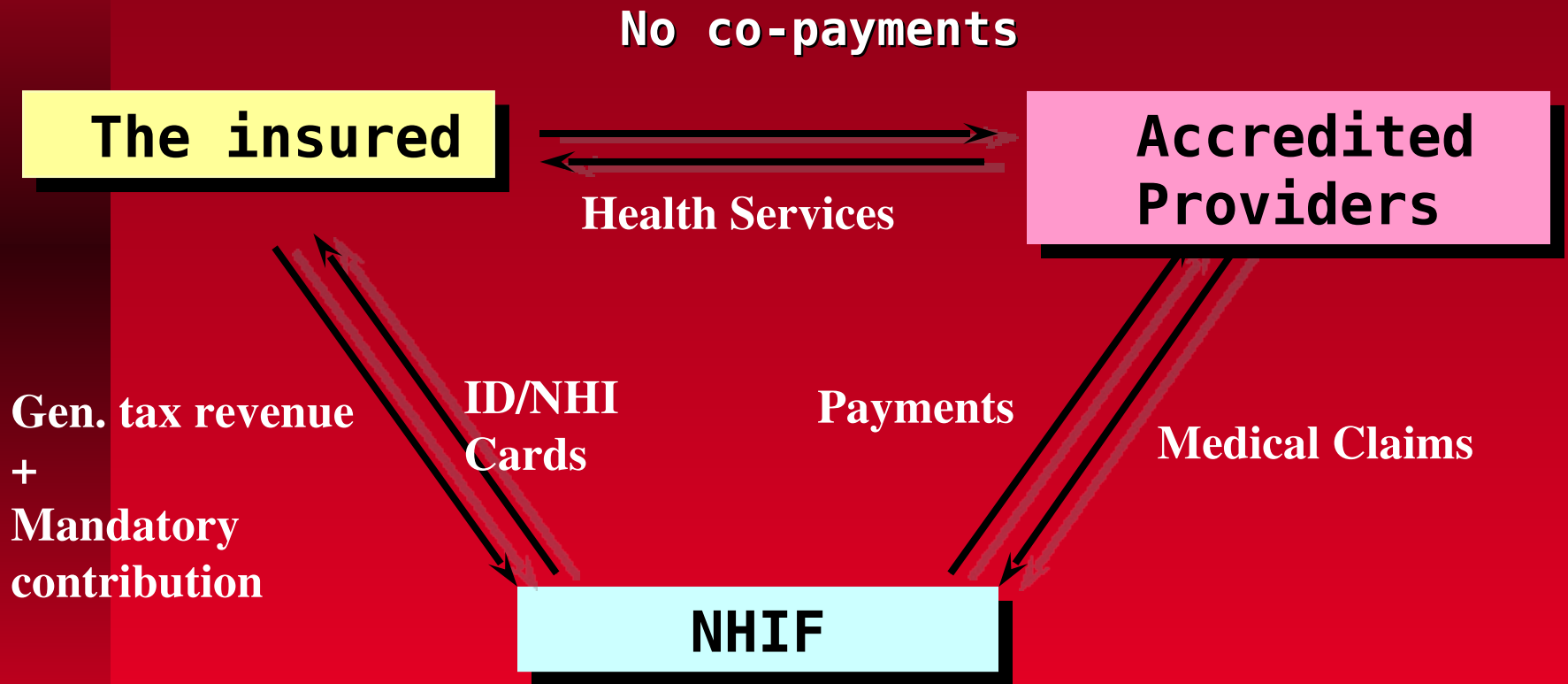
Towards a national health insurance plan

- *Building on the foundations of 15 years, health is now a priority for the next 5 years.*
- *Central to the ANC health plan is:*
 - ◆ introduction of national health insurance; and
 - ◆ overcoming the two-tier health care system

Towards a national health insurance plan

- *Central to the ANC health plan is:*
 - ◆ Health care funding: - eliminating waste and fragmentation is the use of available health funding – establishing a single-source of funding
 - ◆ Health care delivery: simultaneously improve human resources in the public sector, address hospital management failure and quality standards, and health information system

Flow of the national health system under NHI



Key features of the proposed NHI

- **Create National Health Insurance Fund (Fund)**
 - ◆ Publicly administered
 - ◆ Single-payer fund
 - ◆ Receive funds
 - ◆ Pool these funds
 - ◆ Pay services on behalf of the entire population

Key features of the proposed NHI

- **Expand health coverage to all South Africans**
 - ◆ No financial barrier to access health care
 - ◆ Each SAn to be equally covered to access comprehensive and quality health care services
 - ◆ Health services will be free at the point of use – meaning no upfront payment

Key features of the proposed NHI

■ Comprehensive coverage of health services

- ◆ primary care, inpatient and outpatient care, dental, prescription drugs and supplies.
- ◆ The services will be provided on a uniform basis at all health facilities.

Key features of the proposed NHI

- **Publicly and Privately delivered health care**
 - ◆ Health care is provided by private and public sectors but paid for *publicly* by NHIF.
 - ◆ To ensure improvement in quality standards, all providers will be accredited to meet quality standards *before* they are funded by NHI.

Key features of the proposed NHI

■ Social Solidarity

- ◆ Services ,delivered will be based on need rather than on ability to pay. In this case, coverage by NHI will not be interrupted and will be equal to everyone, thus **ending the dependency of health on access upon employment status.**
- ◆ Social solidarity also means **those who can afford to pay for health care will subsidise those who cannot.**

Key features of the proposed NHI

- **Save enough on excessive admin costs** that characterise the current multi-payer medical scheme industry;
- **Cost control** through
 - ◆ cost-effective payment methods through negotiated capitation methods for doctors,
 - ◆ global budgeting for hospitals, and
 - ◆ bulk purchasing of drugs and supplies

Key features of the proposed NHI

- **Funding for NHI – a combination of:**
 - ◆ **Current sources of public health spending (including removal of tax subsidy for medical schemes); and**
 - ◆ **Mandatory or compulsory contribution by employers and employees which will be equally split. Contribution will be less than what workers and employers pay to medical schemes. Certain categories of workers, due to their low income status, will be exempted from the contribution.**

When will NHI be implemented?

- To be implemented in a number of stages in the next five years.
- Before implementation the ANC government will consult with all sectors affected, especially the workers, employers, health care providers, suppliers and health funders.

When will NHI be Implemented?

- Once the legislation is passed by parliament, implementation will start in earnest.
- Planning for NHI will continue before and after legislation and ANC will ensure that government work together with our people in the process of implementation.

--Thank You!--