

The progressive case for delaying NHI

By Marcus Low • 18 September 2018

With a wave of populism and an election around the corner, there is a risk that we will not navigate the tricky waters ahead with sufficient care and end up blundering into dead ends or running those still functioning parts of our healthcare system on to the rocks.

Healthcare in South Africa is in a tenuous state. The public healthcare system is in crisis — provinces are underfunded, corruption is rife, in many areas posts are effectively frozen. Meanwhile, in the private sector premiums keep going up at a rate well above inflation and a lack of competition means there is little prospect for improvement in the market — both in terms of quality and cost.

Into this context two bills and one groundbreaking provisional report have now been introduced (all out for public comment). With a wave of populism and an election around the corner, there is a risk that we will not navigate the tricky waters ahead with sufficient care and end up blundering into dead ends or running those still functioning parts of our healthcare system on to the rocks. 1

One positive that has emerged in recent months, is that most people seem to be on board with the idea that everyone in South Africa should have access to quality healthcare. Many commentators seem to concur that, in principle at least, National Health Insurance (NHI), or something like it, is ultimately part of the correct solution to our healthcare woes. Of course, a minority believes healthcare should be privatised as far as possible. 2

Of those who support NHI in principle, the key fault line seems to be between those who back the NHI proposals and those who consider them to fall short in key areas. 1

There are good reasons to be concerned about the current plans for NHI as described in the NHI Bill and variously coloured papers and other gazetted documents. 1

It will set up a large fund that will be complicated to manage and tempting to loot from. It will create many contracts that will require skilled human resources and capacity to manage — skills we don't have in the public service. 1

It will leverage excess capacity in the private sector to serve the public sector, but how this will be done in practice remains opaque. And maybe most importantly, it will do little to address the underlying political and governance challenges that are the sand in the gears of our public service. (You can read thoughtful commentaries on the NHI Bill making the above and other points [here](#), [here](#) and [here](#).) 1

In one future scenario the ruling party pushes ahead with NHI regardless of these concerns and a bill roughly in the form of the current NHI Bill becomes law in a year or two. Given the populist mood in the ANC, pressure from the EFF and the fact there is an election around the corner, this is probably the most likely scenario. 5

While the vision of NHI is inspiring, it appears that in the bright light of an on-coming election many in the ruling party are blind to the realities around them. 3

The Life Esidimeni tragedy, the short-sighted cancellation of the Limpopo government's contract with the Ndlovu Care Group (with potentially disastrous consequences for 4,000

people living with HIV), the outsourcing of a multimillion rand ambulance service to the controversial and possibly corrupt Buthelezi EMS in several provinces all contain elements of the contract management and outsourcing that will become commonplace under NHI. 2

That NHI will be secure from looting and more such cases of gross mismanagement seems delusional in a political climate where people like former provincial health MECs Brian Hlongwa and Benny Malakoane have not been held accountable.

Granted, there is a not altogether unreasonable argument to be made that NHI will disrupt the looting by moving power away from provincial departments of health, where the rot often runs deepest, upstream to national structures (where supposedly there is more capacity) and downstream to sub-districts (closer to actual service delivery). 2

Under the right conditions the disruption caused by such a rearranging of the chairs might be leveraged productively, but under present conditions it might well deepen the dysfunction in the public healthcare system — and the rot might well end up migrating along with the chairs.

There are obviously good short-term political reasons for the ruling party to rearrange the chairs and implement NHI nevertheless, given that it will create the impression that the healthcare crisis is being addressed — while in fact dodging the more fundamental governance and political problems plaguing the system. Of course, such short-term political expediencies may pale in comparison to the social and political consequences of a failed NHI five or 10 years from now. 2

That is one scenario. A second, politically much less likely scenario, sees NHI being placed on hold for maybe three or four years while we go back to the drawing board to more thoroughly map out a more realistic and less risky road to NHI. 1

It may sound absurd, but despite the white and green papers, a ministerial committee and the bill, the case that has been made to the public has mostly been rhetoric and idealism. 2

We have not seen the careful weighing up of policy options and the weighing of evidence from other countries that one might have hoped for. Instead, we have seen the very slow ramming through of a set of idealistic ideas without any real critical public engagement on how to actually make it work. This is particularly jarring given that we have world-class experts in academia and civil society who would love to contribute to making NHI a success. 2

Taking a few years to rethink NHI does not mean that progress toward better healthcare for all is also placed on hold. While we figure out the best way forward with NHI we can go full steam ahead with a major anti-corruption drive in our provincial healthcare systems and make a plan to employ more skilled people to run provincial health departments. 2

There is no reason to wait with the urgent work of making the Hawks and the National Prosecuting Authority more independent so that people such as Hlongwa and Malakoane are held accountable. 1

We can start new programmes to train more healthcare workers and to rebuild morale in the public sector. None of these things needs to wait for NHI. In fact, the introduction of NHI will be much smoother if we have already made progress on these issues. 1

Another key consideration in this back-to-the-drawing board period is to face the elephant in the room head on — the elephant of course being private healthcare. Here, however, we already have a pragmatic, non-ideological roadmap in the form of the provisional report of the Competition Commission's Health Market Inquiry. While some seem intent on ignoring

the inquiry since the ruling party's priority is ramming through NHI, this is foolhardy and ultimately counterproductive. 1

The inquiry provides a set of recommendations that will help make private healthcare more affordable while simultaneously improving the quality of healthcare services. It will allow more people to access private healthcare, and thereby probably in the short to medium term have the net result of ensuring more people in South Africa have access to quality healthcare than would be the case otherwise. 2

It is also simply wrong to think that reform of private healthcare would commit us to a future where the public-private divide is further entrenched. In fact, through many of the mechanisms proposed in the NHI (such as the supply-side regulator) we can start building the infrastructure required for NHI and in fact bring the public and private sectors closer together rather than further apart. 1

Far from strengthening the private sector, the recommendations of the Health Market Inquiry will bring stricter and more sensible regulation that will ultimately reduce the power of hospital groups and medical scheme administrators, empower scheme members and eventually government. 1

An important practical question is how one would actually go about rethinking the road to NHI. Another ministerial advisory committee such as the previous one clearly won't take us forward. While people are rightly sceptical of commissions, the excellent work of the Health Market Inquiry has now provided a blueprint of how we can go about having an inquiry that actually gets to the bottom of things and provides us with well-informed and evidence-based options for the way forward. 1

With the right panellists and the right terms of reference, a commission of inquiry that receives public submissions both orally and in writing would not only help spark a more meaningful public debate but could ultimately put us on firmer ground when implementing the drastic changes that NHI will require.

Under this second scenario the ruling party will of course have to deal with the problem of explaining to the public why yet more time is required to ensure that NHI is built on solid foundations and how such a delay is in fact part of the most plausible and shortest path to quality healthcare for all. 1

While the ruling party may consider a rethink to be a problem electorally, my sense is that even among poor people dependent on the public healthcare system confidence in the state is so low as to make promises of better health through NHI ring hollow. 1

On the other hand, in a best-case scenario where the NPA prosecutes a few of the worst looters, a credible HR turn-around strategy is implemented in the public healthcare system and a commission chaired by a respected judge delivers a set of evidence-based recommendations, public appetite for and belief in NHI might be much greater three or four years from now. **DM** 4