

HSRC chief 'worried' about health spending decline

STATE spending on health as a percentage of gross domestic product (GDP) was declining at a time when more was required to prepare the health system for the introduction of the National Health Insurance (NHI) scheme, according to Human Sciences Research Council (HSRC) CEO Olive Shisana. Her submission to the appropriations committee was one of several made to various parliamentary committees over the past few days on the medium-term budget policy statement. Shisana said it was "worrying" that expenditure on public health as a percentage of GDP would decline slightly from 4.1 percent in 2011-12 to 3.9 percent in 2013-14. In addition, public health spending as a percentage of government spending was also declining, from 13.7 percent in 2011-12 to 13.4 percent in 2013-14, at the very time that planning was under way for NHI.

She said while it was understood that provision of more funds would depend on the extent to which the state was capacitated to deliver, as well as improvement in institutional reforms, without funding these two issues might not be adequately addressed. Furthermore, the Treasury had argued that progress on these two fronts could not be reliably determined at this stage, which suggested that quantitative assessment of progress was vital to unlocking additional funds. Shisana said the Treasury had indicated that an additional R6bn would be needed in 2014-15 but this was not provided for in the policy statement. She hoped that the promised release this year of the proposed options for revenue for the NHI scheme would shed light on its financing. Shisana noted that budget allocations to the NHI conditional grant, established in April, were too small to allow for testing various components of NHI as intended. Funding of R150m, R350m and R500m has been provided for each of the next three years to test innovations necessary for the implementation of NHI, to strengthen the health system in identified districts, and to support the pilot districts implementing selected health services.

Shisana recommended that an operational unit be established within the Department of Health to drive the implementation of NHI and ensure that there was sufficient capacity and skills development. This was "crucial" to ensure delivery. She said the process of reforming the institutional and governance framework for service delivery, such as the establishment of a district health authority, should be speeded up. Shisana noted, however, that the adequate preparation of the health system for NHI would require the finalisation of the white paper, as well as the associated legislation and implementation plan.

Linda Ensor: Business Day, 1 November 2012