

Underspend in NHI pilots raises doubts

A YEAR after the government launched its National Health Insurance (NHI) pilot project, a third of the districts involved in the experiment have spent barely half their allocated budgets, according to a government-commissioned review presented to parliament. The slow pace of expenditure highlights the patchy progress being made by the project, which is running in 11 health districts. The initiative was launched last April and allocated a R150m conditional grant for the fiscal year 2012-13, with some provinces adding extra funds. According to the Division of Revenue Act, the grant was intended to strengthen the health system in the selected districts, to test innovations necessary for implementing NHI, and to strengthen revenue collection at central hospitals. Amajuba in KwaZulu-Natal spent 37 percent of the money earmarked for the project. The biggest spenders were Pixley ka Seme in the Northern Cape, which overspent by 14 percent; Thabo Mofutsanyane in the Free State, which spent 88 percent of its funds; and Eden in the Western Cape, which spent 86 percent of its allocation. Only a third of the 556 primary healthcare facilities assessed in the pilot districts were ready to start contracting services from private sector general practitioners, health director-general Precious Matsoso said. The review documents show the districts that made the most progress in this area were Eden, and Umzinyathi and Umgungundlovu in KwaZulu-Natal. The Department of Health was planning to contract other private sector service providers, including anaesthetists and audiologists, as districts struggled to appoint them and contracting might be a way to solve this problem, Matsoso said. The NHI pilot project tried to improve revenue collection at four large hospitals, including Charlotte Maxeke. Hospital CEOs needed incentives to collect revenue from patients, Matsoso said, and her department was considering applying a model used in the Western Cape, which allows hospitals to retain some of the revenue they collect provided they meet specific targets.

The government's long-awaited white paper on the National Health Insurance (NHI) scheme is "just about to be released", Matsoso said. It is the next policy step needed before drafting laws to bring the NHI into effect, and has been in the pipeline for nearly two years. The government's green paper on the health insurance was released in August 2011. Matsoso said the Health Department was still looking at the numbers with Treasury, without spelling out what the outstanding issues were. She said there were major structural reforms needed for NHI, adding that the way resources for health were allocated needed to change. Apart from the funding challenges, Matsoso said there was high optimism that the NHI system could be rolled out to other districts but this was not possible in the existing - environment. The district health authorities needed a revamp and these authorities required their own budgets and the power to execute plans. At the moment, no district health authorities have been appointed under the NHI pilots and only four of the 10 districts have appointed NHI project managers. Only three districts had refurbished all their hospitals in the 12 months of the NHI piloting period. Alex van den Heever, the chairman of social security at Wits University and a health economist, said the NHI pilot programme was unlikely to achieve the intended outcomes even if the district health authorities and NHI project managers were appointed on time, because the pilot was not testing the crucial aspects of universal healthcare coverage. He said that from the pilot design itself, it was not clear that they were testing things that were required to set up such an authority. On the funding model, Van den Heever said the government should open a public debate and this should not only be the Treasury's determination. How the government plans to fund NHI is a key question that has yet to be answered. When the green paper was released, critics said SA's tax base was too small to support the government's ambition of providing health services free at the point of service.

Tamar Kahn: Business Day, 25 July 2013

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