

## ***Faults in NHI pilots threaten its roll-out***

CHRONIC underspending of grants, disappointing performances in some pilot regions and allocation of budgets in the "wrong" areas were threatening the progress of National Health Insurance (NHI), the Financial and Fiscal Commission told parliamentarians yesterday. The commission said not only had it noted serious underspending on NHI grants, there had also not been any audited financial performance of these grants for two years since the National Department of Health started allocating them to provinces. Eddie Rakabe, the programme manager at the commission's fiscal policy unit, told the portfolio committee on health that spending discrepancies on the NHI would have a negative impact on the roll-out of this universal healthcare coverage scheme. He said there was no proper planning preceding the allocation of the grants and there was no clarity on what they sought to be doing and how they should be spent. If the grants continued to underperform, this might undermine the implementation of the NHI in future. In the medium-term expenditure framework, R291 million was allocated for NHI grants in the 2013/14 fiscal year. The allocation rises to R420m for 2014/15 and to R444m for the 2015/16 fiscal year. The commission said the performance of hospital revitalisation grants was just as poor. Delays by contractors in completing projects had not been addressed and additional costs were being incurred to correct sub-standard work. Rakabe said the commission also found that infrastructure needs were not being identified correctly, for example, in the East Rand, a hospital had been built but there was no operational budget to run it. The committee identified the minute budget allocation for primary healthcare as a major setback in preparations for the full roll-out of the NHI. Out of the six national health budget programmes, primary healthcare services had the smallest budget allocation at R109m in the 2013/14 financial year. The committee said that with such a low budget allocation, it did not see primary healthcare reaching the levels of effectiveness and efficiency required for the roll-out of NHI. But the commission told MPs that most of the primary healthcare spending was reflected on the records of provinces and that the figure was actually higher. Beatrice Ngcobo, an ANC member of the committee, said that even though some of the NHI pilots had not gone well and plans had not progressed as fast as expected, it should be taken into account that the NHI was still in the making. Nomonde Madubula, the senior researcher at the commission's fiscal policy unit, said a study was being done. After its completion, the commission hoped to expand the public health budget to five percent of gross domestic product (GDP). This is the World Health Organisation's recommended proportion of spending on health. In 2012/13, the health sector accounted for four percent of GDP and the commission said this was expected to decline to 3.9 percent in the current fiscal year because of budget cuts and a slowdown in the growth of conditional grants.