

## ***Robust returns on big health spend***

SOUTH Africa has made progress in improving the public health system, which is one of the main requirements for the successful implementation of the National Health Insurance (NHI) scheme, Finance Minister Pravin Gordhan said in his 2014/2015 budget speech. SA's rising life expectancy, the reduction in infant, child and maternal mortality and an enrolment of 2,5m HIV-positive people for antiretroviral treatment provide evidence of this. SA's life expectancy is now 60 years, a big improvement on 54 years, five years ago. However, Gordhan provided no detail on the funding of the NHI programme. He said the Department of Health's white paper and a financing plan by National Treasury had been completed and would be tabled in cabinet soon. He has previously said that the scheme would be funded through a mixture of tax and other sources of income. The NHI is a complete overhaul of SA's healthcare system with the aim of making quality healthcare affordable to all citizens. It is centred on a new funding model whereby the state collects the funds from taxpayers and buys healthcare services from both the public and private sectors for all citizens to use, irrespective of their income.

A green paper was released in 2011 and a white paper was expected last year, but that has not happened. It now looks likely to be published after the elections. Though details have yet to be furnished, Health Minister Aaron Motsoaledi has provided some indication of what shape the NHI is likely to take. Among other things, he wants to shift most of the healthcare delivery from hospitals to primary healthcare facilities so that hospitals focus on serious and life-threatening illnesses. Motsoaledi has said that under the NHI, services in public facilities will be improved and prices reduced in private institutions so that they are accessible to all citizens. Eleven districts throughout the country are already piloting the scheme. Those participating have had some of their clinics and hospitals refurbished or rebuilt. Treasury has allocated R1,2bn for contracting general practitioners (GPs) in the pilot phase, but intake has been slow because of delays in remuneration agreements. A total of R18,1bn is budgeted for NHI infrastructure in this pilot phase. Dale Cridlan, a director in the tax department of law firm Norton Rose Fulbright, says it is good that the long-awaited white paper and the financing plan of the NHI are ready for cabinet discussion, and is hoping they will be released to the public soon.

However, he says it is unclear if treasury would first want to consider reports of the tax review committee headed by Judge Dennis Davis. The committee was set up to investigate aspects of the tax system and make recommendations for possible reform. If the NHI is to be partly funded with some form of tax, it would make sense to get the committee's input. Overall, health expenditure will amount to R145,7bn this year. The bulk of the money goes to district health services, provincial and national hospitals. More than R15bn will be spent on fighting HIV/AIDS and TB. Government has spent R41bn on HIV/AIDS over the past five years and SA has the biggest antiretroviral treatment programme in the world.

However, it is still battling with decaying infrastructure. Many public health facilities need an overhaul if people who use private facilities are to be expected to use public ones under the envisaged NHI system. But the rate at which the upgrades and refurbishment have happened has been slow. Gauteng, for instance, has taken as long as six years to build a hospital. This year Gordhan allocated R7,7bn for health infrastructure, rising to R26bn over the medium-term.

Treasury documents show there are 50 "large" and seven "mega" infrastructure projects being undertaken by the national and provincial governments. Those include the construction of hospitals in the Free State, KwaZulu-Natal, Gauteng and the Northern Cape. The delays in health infrastructure projects have been caused, in some instances, by problems in provincial departments of health and public works. Public works carries infrastructure projects on behalf of all other departments. The new Office of Health Standards Compliance will receive R369,5m. It is hoped that this office will help improve service delivery in public facilities. Commissioners, led by Prof Lizo Mazwai, were announced last month and will have wide-ranging powers to inspect facilities and take action over non-compliance.

*Andile Makholwa: Financial Mail, 28 February 2014*