

## **Operational hurdles loom for health insurance**

*24 MAY 2016*

NATIONAL Health Insurance is a grandiose government scheme with high aspirations. As with many government plans, the cart came before the horse, leading to a number of unanticipated operational complexities.

During the unveiling of the National Health Insurance white paper, the health minister indicated 80% of specialists are serving 16% of the population in the private sector, and that this inequitable distribution will be corrected by the insurance. Yet figures in the Department of Health's human resource publication illustrate 41% of specialists work in the public sector.

Econex research, published in 2013, showed that 28%-38% of residents in SA use private healthcare. Sixteen percent of this was via medical scheme membership and the remaining 12%-22% through out-of-pocket payments.

The department is thus ignoring its own data, choosing to use incorrect facts in National Health Insurance policy papers to try to justify radical changes to SA's healthcare system.

The most pertinent of the remaining issues in the insurance is probably the lack of quality in the public health sector. The Baseline Audit for Government Health Facilities, published in 2013, indicated that of 3,880 facilities audited, only 32 complied with infection-control guidelines.

Just a quarter of clinic staff had a positive and caring attitude, and 93% of maternity facilities lacked equipment to ensure mother and baby treatment safety. Only two facilities could guarantee patient safety.

In 2014-15, the Office of Health Standards Compliance reinspected 417 facilities. Only 3.1% of facilities were considered compliant. Another 13% of facilities were compliant, with requirements, or conditionally compliant; and 67.6% of the inspected facilities were noncompliant or critically noncompliant. If norms and standards were formally promulgated by the minister, only 16% of these inspected public health facilities would currently be operational in the National Health Insurance.

Added to that, the Office of Health Standards Compliance only has 35 inspectors. At the recent health market inquiry, the office indicated that it was not aware how many private facilities it might need to inspect. The answer is: a huge number.

There are between 31,000 and 74,000 private health-care practices in SA.

Assuming 35 inspectors can inspect 417 facilities in a year, with mandatory reinspection every four years, the office would need to employ an additional 650-1,554 inspectors. There is no sign of the necessary budget increases in the office's annual performance review, extending to 2020.

The private sector will thus remain uninspected and unable to contract into the insurance, with 55-million people being served by the remaining 16% of government facilities that proved compliant to norms and standards on inspection.

Operationally speaking, the insurance is actually a health-care funding model and is going to be a huge, single-payer medical scheme with 25 times as many members as Discovery Health, administered by the government. The public service is not known for administrative competence, as is illustrated by the Compensation Fund, which records about R8bn a year in income and has R52bn in assets.

Between 2012 and 2015, the fund paid out claims of R1.4bn-R2.1bn a year. In April 2015, in answer to a parliamentary question, the director-general of labour indicated that there were 231,000 outstanding claims, to the amount of R23bn. He indicated that the plan was to have the backlog cleared up before June 2015. In other words, more claims would be paid in two months than in the past 10-12 years, with half of the fund's assets being divested in the process.

The Compensation Fund employs 1,630 people who paid out R1.4bn in medical claims last year. By comparison, Discovery Health, with five times this number of employees, paid out 26 times the amount in medical claims.

The required NHI budget is estimated to be 32 times larger than that of the Compensation Fund.

The number of claims payable is likely to be a 100 times more, not including the payment of suppliers. Using the Compensation Fund efficiency as a barometer, it would require the insurance fund to employ between 52,000 and 160,000 people, more than the 90,000 members in the South African military. An army of people to run one health-care fund.

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