

NHI Success Lies in Public-Private Collaboration

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South Africa is on the right track towards ensuring that all citizens have access to affordable, quality healthcare services regardless of their socio-economic circumstances. This is according to the CEO of Frere Hospital, Dr Rolene Wagner, who was speaking at the Distinguished Speakers Programme hosted by the UCT Graduate School of Business.

Dr Wagner expressed her support for National Health Insurance (NHI) – the government’s multi-billion rand plan which seeks to radically reform South Africa’s healthcare system.

Through NHI, the government is seeking to improve the health system, with an emphasis on public health, as well as refining the functionality and management of the system through stringent budget and expenditure monitoring.

Creating an equitable health system

In his 2017 budget speech, Finance Minister Pravin Gordhan announced that the government would establish an NHI fund this year that may be partly financed by a decrease in the tax subsidy currently given to medical scheme members. The fund would initially focus maternal health, family planning services, the integrated school health programme and improving the services for people with disabilities, the elderly and “mentally ill patients”.

South Africa’s health system is made up of a large and resource-constrained public sector and a smaller, albeit fast growing private sector. While the government contributes just more than 40% of all expenditure on health, the public health sector is under pressure to cater for about 80% of the population.

In contrast, the private sector largely caters to middle- and high-income earners who are usually members of medical aid schemes. The private sector also attracts most of the country’s health professionals as it tends to offer higher salaries and better working conditions.

This two-tiered system is inequitable and to some degree inaccessible to a large section of the population, says Dr Wagner.

“As someone who works in the public sector I think that a lot of the money is being diverted to the private sector that could be better utilised in a more equitable way within the public sector,” said Dr Wagner.

Strategic collaboration

“In the public sector the emphasis is on how you ensure you produce quality healthcare that is value for money, and we at Frere have demonstrated that it’s possible to provide that. For me the benefits (of NHI) are that we will be remunerated on the number of patients which is far more equitable so we get money which is more in-line with our quality of care,” said Dr Wagner.

It will be vital to establish partnerships with the private sector to ensure the success of NHI.

“Partnerships between the public and private sectors are of strategic importance. The private sector generally tends to be over-resourced and is perceived to provide better quality care compared with the public sector; whilst the public sector is perceived to be comparatively inefficient and is reported to provide sub-optimal care,” said Dr Wagner.

“The private sector on the one hand pursues capital, mainly for their shareholders, and therefore has a focus on cost-effective service provision; whilst the public sector pursues social capital, the beneficiaries being the general public,” continued Dr Wagner.

“Strategic partnerships can result in better utilisation of available scarce resources and more cost-effective strategies being deployed in both sectors. Similarly, through collaboration both sectors can unite in tackling the burden of disease we face as a country. We are blessed that in the East London we have a collegiate relationship with our private sector and are already discussing ways of optimising our relative strengths to benefit the people we serve.”

Skills capacity is key

However, for NHI to be a success the country will have to do much more to address the doctor shortages, noted Dr Wagner. The doctor-to-population ratio is estimated to be 0.77 per 1,000. But because the majority of GPs – over 70% – work in the private sector, some suggestions are that there is in actual fact just one practising doctor for every 4,200 people.

A recent study by consulting firm Econex for the Hospital Association of SA notes that up to 17% of newly qualified doctors might be emigrating, while up to 80% doctors prefer not to work for the state because of poor working conditions.

Dr Wagner concludes that the primary and high school education system, particularly maths and science, needs to be improved to boost the number of doctors in the country.

By Sikhumbuzo Hlabangane – eHealthnews