Minister's universal healthcare plan a wan fantasy lacking robust detail

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HEALTH Minister Aaron Motsoaledi arrived at the ANC conference with a freshly minted policy on National Health Insurance (NHI), promising delegates and the nation game-changing reforms that herald affordable quality healthcare for all. Yet, as ever, the policy remains long on promise and short on detail, lacking a credible implementation plan. It has all the air of a job pushed through to appease the Minister's political masters and keep trade union federation Cosatu at bay. In essence, the NHI is a set of health financing reforms that aim to provide everyone with healthcare services that are free at the point of delivery. It is enshrined in social solidarity principles that state that everyone should contribute according to their means and will receive benefits according to their needs - in effect ensuring the rich and healthy subsidise the poor and sick. At present, public sector patients pay fees that are means-tested, so only the very poor get discounted or free services. Private sector patients often face co-payments in addition to the bills covered by their medical schemes, or pay out of pocket.

A little more than a month ago, the Minister was clearly on a collision course with Cosatu over NHI. The Department of Health had held a series of meetings with the private sector and indicated that medical schemes would continue to play a role. This was obviously anathema to Cosatu, which eschews any private sector involvement in NHI: it wants everyone to use the same services, which are paid for by a centrally administered NHI fund, and for medical schemes to be scrapped altogether. The

Minister and his team have either backed down or, more likely, tried to give the impression they have, as in one breath the paper says medical schemes will be relegated to playing a "complementary role" to a single NHI fund, and in another says "individuals will not be allowed to opt out of making the mandatory prepayment towards NHI, though they may choose not to utilise NHI healthcare services".

If people don't use NHI, they will have to make provision for future medical expenses - and surely that means using medical schemes. Considering the size of the medical schemes industry (it directed R164-billion towards the healthcare needs of 8.8-million people in the 2016-17 fiscal year, according to the White Paper), the section on its future role appears deliberately vague: it gets just five paragraphs. This was the kind of detail the Minister had promised would be thrashed out by one of the six work streams he announced when he released the first version of the NHI white paper in December 2015, yet there is no acknowledgement of what they achieved in the new version. In fact, the new policy says a series of ministerial advisory committees are to be established to determine the benefits covered by the NHI fund, the prices it will pay, how healthcare financing is to be reformed and what technologies should be purchased.

Some hint of what the department has in mind for medical schemes was given in a hurried presentation by health director-general Precious Matsoso at the end of the Minister's NHI briefing last week. She sketched a picture in which SA's 83 medical schemes are to be consolidated, their multiple options collapsed into one option per scheme and their benefits aligned with those provided by NHI. She also indicated that price regulation is on the cards for whatever services NHI buys. The Treasury continues to remain at arm's length: there is still no detailed financing plan and not a single Treasury official was on the stage at the official launch of the White Paper last week.

Five years after the Treasury first promised a financing discussion paper it has yet to publish anything of the sort. The costings in the policy remain far from economic reality as they simply repeat the 2010 numbers used in the 2011 Green Paper, which assumed a robustly growing economy - a far cry from the forecasts for 2017: The Reserve Bank is predicting GDP growth of just one percent in 2017 and 1.5 percent in 2018. The policy continues to suggest NHI will cost R256-billion by 2025 and that if the economy grows at 3.5 percent, the R72-billion funding shortfall could be met by scrapping the medical scheme subsidies the government provides to public servants and raising revenue with increased taxes.

It says the preferred revenue-raising option would be a two percent payroll tax combined with a two percent surcharge on personal income tax. Think for a moment how this would affect a middle-class professional such as a state-employed teacher – for argument's sake, let's say the teacher is a man who belongs to the Government Employees' Medical Scheme (Gems). Scrap his tax credits and government subsidy and push up his taxes and he may well no longer be able to afford medical scheme cover.

And what does he get offered in return? Access to public hospitals - for which he will have to pay a fee as he earns more than the means-test threshold for discounted fees - and free services offered by the NHI fund that probably don't cover any of his needs. Last week, Motsoaledi told reporters the NHI fund announced by former Finance Minister Pravin Gordhan would initially offer programmes for school health, mental illness, women's health, including family planning and antenatal care along with screening and treatment for breast and cervical cancer, cataract, knee and hip surgery for the elderly and care for the disabled, at an estimated cost of R69-billion over four years. That, he said, could easily be funded by scrapping the tax credits provided to medical scheme members, which run to about R20-billion a year.

The entire policy is ridden with proposals divorced from reality. Take, for example, the statement that NHI services will be purchased from providers that have been accredited by the Office of Health Standards Compliance. To date, hardly any government hospitals or clinics have passed muster and their performance has been so dismal the office decided to lower the "pass mark" so it could reduce the number of facilities it needed to re-inspect. Moreover, the standards body still doesn't have the capacity to inspect more than a fraction of the country's public health facilities each year, has never recommended closing a down an underperforming facility (or even part of one) and has yet to acquire the legal muscle to inspect private healthcare facilities. Perhaps the most worrying aspect of the White Paper is that it contains no honest acknowledgement of the reasons for the long queues, dilapidated buildings and shoddy care that characterises so many public health facilities. Provincial health departments received R167-billion in the 2016-17 fiscal year, yet weak management and lack of accountability have allowed corruption to flourish and services have all but broken down in many provinces: the oncology disaster in KwaZulu-Natal is just the latest example of how the system has deteriorated under Motsoaledi. Bolting a new financing mechanism on top of a fundamentally rotten system is not going to deliver a better deal for patients.

By Tamar Kahn – Business Day