

COMMENT: NHI - the journey begins

6 July 2017

THERE is a global movement towards universal health coverage to ensure that people get the healthcare they need regardless of ability to pay. Through the pursuit of universal health coverage, poverty should not mean poor health and ill health should lead to poverty. June 29 marked an important/historic day in the lives of South Africans with respect to their health. The White Paper on National Health Insurance was released as official government policy. There have been many questions and concerns raised about the actual problem we are trying to solve. This is simple. The current health system is fragmented and this has created significant inequities. This is further compounded by complicated funding flows in the public and private sectors. These inequities are defined by where people live (geography), their socio-economic status including income levels, and whether services are obtained in the public or private sectors. The result of these inequities is that large sections of the population are not able to access quality healthcare services when they need it.

The gazetting of the White Paper is a clear demonstration that our government is committed to provide all people with access to a common set of comprehensive health services of sufficient quality, while also ensuring that the use of these services does not expose South Africans to financial hardship due to ill-health. A key element of financing for UHC is that the health costs for the poor and vulnerable are shared by the whole of society, which implies that the healthcare financing system should spread the financial risks of illness across the entire population. This can only be achieved by collecting large pools of prepaid funds that people can draw on to cover their healthcare costs in times of need, regardless of their economic situation. The government has chosen to achieve this goal through a national health insurance system. This uses public and private sector providers to deliver personal health care services, with payment from a government-run insurance programme (the NHI Fund) that every citizen pays into. Under NHI, there is no financial motive to deny treatment and the fund will be a non-profit entity.

International experience shows that universal insurance programmes are able to provide health services more cost effectively because of economies of scale. The government, through the NHI Fund, will act as an agent for the people in purchasing healthcare services. In this way, the fund as a single purchaser will have considerable market power to negotiate lower prices for services as well as commodities - as already illustrated by the Department of Health's ability to purchase a range of medicines at significantly lower costs, even when benchmarked against international prices. What does this mean for the people of South Africa? You as a patient never get a bill from a healthcare provider. The fund determines the service to be provided, the rates of reimbursement as well as the

mode of payment. The claims are reviewed, assessed and paid in line with the prescriptions of the fund through a decentralised system. It is important to state that NHI does not work on a budget allocation system. Healthcare providers, be they hospitals, clinics or individuals or groups of healthcare professionals, are reimbursed directly for services that they render. With the release of the White Paper, we begin the transition into the NHI. The White Paper recognises that achieving full implementation of NHI is a journey. This means that the NHI will not be implemented overnight but over time. In releasing the White Paper, we announced the establishment of transitional structures to implement NHI in a phased manner over the next eight years. The implementation structures are linked to four pillars - financing, service provision, governance and regulations. Each pillar has activities linked to transformation of the public and private sectors. With respect to financing arrangements, in the public sector, the following are key immediate activities - restructuring of equitable share; case-mix based budgets for hospitals; establishing clinic budgets; and introducing capitation-based contracting.

In the private sector, key immediate activities are: price regulation for all services included in the NHI comprehensive benefit framework; removal of differential pricing of services based on diagnosis; the removal of co-payments; and balanced billing. With respect to provision in the public sector, ensuring that vulnerable sectors of our population have improved access is critical. In this respect, the following are prioritised: school health services; maternal and women's health services; mental health services; services for the elderly; disability and rehabilitation services; expansion of service benefits to other groups over time; the strengthening of public health care services through NHI "ready" and accredited clinics. In the private sector, the following are key immediate activities: introduction of a service benefits framework; reduce the number of options available in each medical scheme; reform of prescribed minimum benefits and alignment to NHI service benefits, including common protocols/care pathways.

Strengthening governance in the public sector will involve establishing central hospitals as semi-autonomous structures, strengthening hospital governance and delegations and strengthening district governance and delegations. Strengthening governance in the private sector will involve strengthening of governance in medical schemes, the relationship between intermediaries and restructuring of the reserves and solvency of medical schemes. Regulatory issues in the public sector, include legislation to create the NHI Fund, through the introduction of an NHI Bill and legislative amendments related to, inter alia, the National Health Act and the Health Professions Act. Regulatory issues in the private sector, include the Medical Schemes Act and regulations reform. Consolidation within the medical schemes environment will include the consolidation of government employees' medical schemes and other state medical schemes into a single scheme, reducing the number of

medical schemes, reducing the number of options in medical schemes and licensing of health establishments. During July 2017, we will convene stakeholder consultations on the implementation process. The White Paper process demonstrated that there is widespread agreement amongst stakeholders that the global call for universal health coverage must be heeded by South Africa. We may not always agree on the detail but the need for equity in access to services based on need is not contested. Now is the time to work on the detailed implementation plans that will provide all South Africans with the best quality of healthcare that we can afford as a country. The Department of Health is committed to this task and to ensuring that all stakeholders are able to play their role in realising this vision.

By Dr Aaron Motsoaledi: The Star