Universal healthcare coverage costs under scrutiny

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ACCESS to universal healthcare coverage is crucial for economic development, but the biggest challenges to realising it are cost and implementation. The Department of Health has published a White Paper on National Health Insurance (NHI), setting SA on course to provide universal coverage. However, the White Paper has raised debate about the efficacy of the department's proposals. SA's slow economic growth and high unemployment are expected to hinder fund collection for the NHI. Universal healthcare coverage was the subject of discussion yesterday at the Board of Healthcare Funders (BHF) conference, which started at the weekend in Cape Town. Panellists from across SA and the globe discussed the issue. Dr Rufaro Chatora, the country representative of the World Health Organisation in SA, said universal health coverage was part of the 2030 agenda for sustainable development and it was important for governments to view it from that perspective. Sustainable Development Goal No 3 highlights that ensuring the health and well-being of all is essential to sustainable development. However, a key challenge, said Chatora, was the lack of clear implementation strategies. This was complicated by the different socio-economic contexts in different countries.

Health Minister Dr Aaron Motsoaledi has proposed in the White Paper to use money allocated for tax rebates for South Africans on medical aid - this was previously R20-billion a year - to fund NHI. Chatora cautioned at the conference that it is not possible to spend one's way to universal healthcare. Out-of-pocket payments push households into impoverishment and it is not any easier in wealthier states for people to pay voluntarily.

Inflation, a sluggish economy and high unemployment levels are also likely to influence the R256-billion that is estimated will be needed for the establishment of an NHI fund. In addition, high-income earners will have little incentive to migrate from the relative comfort of private healthcare.

Examples from other countries included Ghana, Kenya and Croatia. In Ghana, health insurance took a long time to implement, and was pushed forward by legislation. The country's health system was founded in 1968 on a "free healthcare" model, but was unsustainable. A token user fee was introduced in 1972, but also fell short. By 1985 a full user-fee system, called "Cash and Carry", was implemented. It recovered just 15 percent of operating costs. Ghana's former National Health Insurance Authority CEO, Nathaniel Otoo, said the system was not ideal, given Ghana's socio-economic, cultural and political context, and a new approach was needed. In 2003 the National Health Insurance Scheme (NHIS) was launched, but has been abused as a political tool by "parties in the state". Health cover is

up from 1.3-million to 11,3-million citizens, but Ghana's high unemployed rate, at about 25 percent, means not everyone is included.

Otoo said the current government has the challenge of fixing a system whose expenditure outweighs income collected. Kenya has one of the oldest health insurance programmes on the continent. The 50-year-old National Hospital Insurance Fund (NHIF) focuses on providing adequate healthcare to all citizens older than 18. NHIF Kenya CEO, Geoffrey Mwangi, said revenue collection was definitely one of the major challenges, alongside fraud and abuse of services. Above-inflation medical costs were also a problem. Kenya's system of collecting contributions directly from employees and not employers hindered the process, as did the country's high unemployment rate. He said the biggest challenge is how do we pull resources from the informal sector, as well as getting the informal sector to embrace the insurance concept. About 6-million Kenyans are insured, with more than 20-million beneficiaries, out of a population of nearly 47-million. Mwangi said the government was testing various mobile-money technology solutions to boost collection. There has been some success, but is still heavily subsidised. Private sector sponsorship had proved vital to implementation and developing infrastructure. In Croatia, the national insurance scheme does not have strong private sector competition.

A high portion of the country is insured and "only those who do not want to be insured aren't", said former Croatian NHI MD, Dr Tihomir Strizrep, who is in SA to assist the Treasury with the NHI implementation. Croatian insurance is funded through employer contributions, which make up about 15 percent of funds, state taxes and co-payments. Some people are exempt from co-payments.

By Michelle Gumede: Business Day