

National Health Insurance for South Africa?

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It is hard to imagine a more confusing debate for South Africans than the noise surrounding what is termed National Health Insurance or NHI for short. In the face of warnings that the health system is on the “verge of collapse” by the health ombud, an apparent response has been to expedite into implementation of the long talked about, or threatened, NHI. The public who depend on the health system for their healthcare would be right to question whether this is a real reform aimed at improving service availability or just political posturing ahead of the 2019 elections. If the former – it would be a welcome response to years of poor performance driven largely by deepening corruption within the provincial health services. If the latter, it would raise concerns about where the health system is actually headed. For if the NHI is little more than a diversion from the reforms needed to heal the health system, then all that can be expected as a response to the dire warnings of the health ombud is the continued deterioration of all aspects of the health system, both in the public and private sectors.

For the many who don't quite understand what the NHI is, here it is in a nutshell. It is a proposal to expand the coverage of the public sector to include all medical scheme members. This differs from universal health coverage strategies of other countries where the objective is to include vulnerable and excluded groups, rather than a covered group, into a system of coverage. South Africa however already covers the national population either through a subsidised public system or through regulated access to medical schemes for people able to afford their own coverage. Both forms of coverage have successful international precedents as forms of sustainable coverage. Our public sector resembles a poorly governed version of the National Health Service, or NHS, available in the United Kingdom, while the system of medical schemes resembles an incomplete version (from a regulatory perspective) of the system in the Netherlands or Germany. In both South Africa's systems the achievement of good performance is hindered by the manner in which the governance arrangements have been organised by the state. In the case of the public system this failure results in systematic inefficiency, corruption and poor health outcomes. In the private sector the result is cost increases and a deterioration of the quality of coverage over time.

The NHI proposals, as outlined in the recently published NHI Bill, are however puzzling in that they focus purely on establishing a national fund, the National Health Insurance Fund, or NHIF, at the national level of government with the primary task of procuring health services. These services are to be procured from the provincial and local governments as well as the private sector – provided they are accredited by a quality assurance regulator – the Office of Health Standards Compliance or OHSC. The NHI Bill however proposes no changes to the governance arrangements of the public sector or offers no answers to what can only be regarded as a systematic collapse of the integrity of the public health system. And while the governance failures of the provincial governments plainly

derive from the ability of political structures to appoint staff and interfere in procurement systems, the NHI Bill proposes to replicate this error as the “independent” board is to be appointed by the Minister of Health together with the CEO. The same model applies to the accreditation authority, the OHSC, which already exists. As this structure is to be trusted (as proposed) with the procurement of all health services in South Africa, it is plainly vulnerable to capture in the same manner as provincial structures and other state owned enterprises.

Essentially the NHIF together with the OHSC will be gatekeepers to contracts of significant scale and financial opportunity. It is hard to see why these will be the only uncaptured and well performing state organisations with this governance approach in a sea of corruption and scandal. When seen together with the unchanged provincial model, South Africa will have merely introduced an additional source of patronage without altering existing patronage arrangements operating within the provinces. Not only is this proposal therefore incapable of enhancing universal coverage in South Africa, it is excellently positioned to achieve the opposite – a reversal of coverage.

On close scrutiny of the Bill, as with the various vague policy papers on NHI, it is long on objectives but short on substance. Interestingly no specific proposals are made for what the NHIF must achieve to the rather distant year of 2026. Therefore, even while the full-blown framework is plainly far from implementable in the medium-term, the NHIF will have no functions and play no role in addressing the systems failures presently facing both the public and private health systems. It is therefore evident that these problems will need to be addressed by some as yet unnamed and unframed process of some uncertain timeline separate from the NHIF. The likelihood that any such proposals will emerge in the foreseeable future appears low however.

An extraordinary proposal, plainly envisaged at some future date well into the future, is that whatever services are covered by the NHIF cannot be covered by medical schemes. This would imply that if hip replacements or oncology services are covered by the NHIF, medical schemes cannot cover them. While this has little possibility of surviving a legal challenge, it goes some way to revealing the quality of thinking going into the policy framework. No coherent public purpose could justify any such contraction of the rights of South Africans. It is however conceivable that some deeper rationale may underpin such a proposal. While no such rationale has been communicated in the public domain to date, a clear responsibility lies with the Minister to make plain the rationale, and by this is meant the public purpose, without obfuscation.

Another unusual proposal made in the Bill involves transferring the function for academic hospitals to the national level of government and away from the provinces. This evidently presupposes that the academic hospitals, including those in the Western Cape, will be better supervised by national government. Although arguably a poisoned chalice, this shift is likely to complicate provincial service planning as these hospitals largely contain provincial-level services. Only a part of the services provided by these hospitals are credibly supra-regional in nature and therefore require national government intervention. It would make more sense for national government to strengthen the system of conditional grants funding those hospitals, backed up by a coherent plan, rather than attempt to take them over without one.

As things stand the health system faces further deterioration unless a credible set of measures is introduced to reverse the rot in the public sector and to stabilise costs in the private. While some strategic national purchasing has an important place in a future health system, and already exists at present, an expanded system of procurement will make no difference to the day-to-day operations of the public health system. Also, the unreasonably optimistic expansion of the public system to encompass medical scheme members, while clearly intended and proposed with all seriousness, is

implausible, will not materialise, and, even if successful, would add no value to the health system. Although the most concerning aspects of this Bill are unlikely to achieve more than the establishment of another questionable national agency, all South Africans will remain victims of an unaccountable health system that is drifting further and further away from universal coverage. While I am personally encouraged by the large number of dedicated people, including some politicians, who remain committed to the continued improvement of the health system, it is sad to see their growing despondency. This does need to change. But unfortunately it will not change unless society intervenes to make the current state of affairs politically unacceptable.