NHI Scheme: Reasons you should be concerned Solidarity Research Institute 14 August 2018

CAPE TOWN - The Solidarity Research Institute has released a new list of concerns that may hamper the planned National Health Insurance (NHI) scheme.

The institute said that there are some major challenges that government has failed to address as yet when it comes to NHI plan.

Health Minister Aaron Motsoaledi said in June that the NHI and Medical Schemes Amendment Bills will usher in a new and more accessible way to health care for South Africans.

The scheme, according to the Solidarity Research Institute, will be the largest state institution in the history of South Africa.

Nicolien Welthagen and Morné Malan, researchers at the institute say that governments history of "mismanagement in state institutions" is a major concern for the NIH Scheme.

SOLIDARITY'S MAIN CONCERNS

Funding of the NHI in an already struggling economy

Solidarity argued that the first phase of implementation, possibly targeting women, children, the elderly and persons with disabilities, over a period of four years, could cost R69 billion.

It is estimated that extra tax amounting to R368,8 billion will have to be collected by 2025 to provide for the NHI. After this date, taxpayers will have to pay an additional R156 billion every year. This is estimated to double South Africans’ present medical budget, according to the institute.

It should be noted that Solidarity believes that an additional tax amounting to 5% of gross domestic revenue will be required.

Managing of assets, medication, and equipment

Researchers, Nicolien Welthagen and Morné Malan, argued that government has yet to state how the purchasing and management of assets, medication and equipment are going to work, or how and by whom it is going to be distributed.

The researchers maintain that the fact that the state will be the sole purchaser means that any errors in this regard could have drastic consequences. A central fund has to be managed perfectly to be effective. When the risk is spread among a multitude of funds and institutions, some of them could intervene and make up where others fail, Solidarity said.

Maintenance of infrastructure and equipment

Solidarity said that the question as to how maintenance of infrastructure and equipment will be managed remains unanswered.

Also, the research institute is concerned that government has not made it not clear what incentive state hospitals or practitioners will have to maintain equipment that is not funded by themselves, or how health practitioners will be motivated to improve their service if it is not linked to any tangible reward.

State control

Healthcare workers in the private sector will be forced to work in the public sector at rates determined by the NHI, according to Solidarity.

This socialist type of system will bring about equal pay, removing incentives to perform. Moreover, Solidarity said that the need to be effective and excellent will disappear because doctors will not be able to work for themselves and build their own practices.

"Competition among private hospitals will disappear."

The institute argues that the NIH is in conflict with the Bill of Rights (as contained in the Constitution) to force people to join the NHI and pay for it.

Section 18 of the Constitution guarantees everybody's right to freedom of association. You cannot be forced to join any fund, club, scheme or association you do not want to join.

Training

It is not apparent how training will take place as yet.

"One of the things we are going to demand is that teaching hospitals be removed from the provinces. They must be governed nationally," Motsoaledi said. In addition, the face of emergency services would change under NHI, he said. "All ambulances must have the same colour so the country doesn't have so many diverse services."

The SA Institute for Race Relations (SAIRR) says the white paper ignores the main causes of the inferior state institutions and makes a wrong diagnosis of problems, resulting in a misrepresentation of how to address and solve these problems.

Current service level at state institutions

Numerous studies indicate problems with qualifications, skills and attitude of staff, staff shortages, long waiting periods at state hospitals and clinics, hygiene, shortages of equipment and medication, infection control, and safety of staff and patients, according to Solidarity.

The institute also highlights the problems related to poor control and management, as well as poor accountability, lack of discipline and non-compliance with policies.

Solidarity quote **d** a report by the Office of Health Standard Compliance that was released on 5 June 2018.

In the report, it stated that the office inspected 696 health facilities. Of these, 172 were "critically" non-compliant with standards, and 240 had serious concerns: that is, nearly 60% of the facilities inspected were in poor shape.

Solidarity also looked at one of the Treatment Action Campaign (TAC) studies that was released in November 2017. The study monitored 254 health facilities across the country.

The TAC claimed that "less than half of facilities were considered to have sufficient staff" and in 34% of the facilities, patients waited for over two hours to be served.

Increase in patients

This undoubtedly is a major issue. Solidarity asks how are private hospitals going to accommodate a large number of new patients?

The institute said that any increase in patients will have to be accompanied by an increase in medical staff and already there are huge shortages of medical staff in South Africa.

The researchers also ask "who is going to have the powers to appoint medical staff, how will it be done, where are they going to be appointed and how many will be appointed at what rates?"

According to Motsoaledi, at least three times as many doctors as there are now will be required to implement the NHI.

At present, South Africa trains 1 200 doctors every year at eight medical faculties (Cuba trains 4 000 doctors at 21 institutions every year). Such a radical increase in doctors within the next decade is highly unlikely, according to Solidarity.

In addition, 25% of all doctors who have completed their training in South Africa, leave the country. There is currently a total shortage of 83 000 healthcare workers in South Africa. Filling the posts that are vacant now will cost about R40 billion. Solidarity argues that The Department of Higher Education and Training does not have the capacity to deal with this problem.

There is a real risk of health workers, especially doctors and specialists, emigrating as a result of the NHI. A real loss of medical technology and capital in the private sector may take place, which could result in lower standards.

NHI WILL REDUCE HEALTH COSTS - MINISTER

Minister of Health Aaron Motsoaledi said yesterday, that the rollout out of NHI plan will guarantee the provision of quality healthcare for more than 60 percent of South Africans who can't afford medical aid cover.

“The more people we put on treatment, the more affordable it [the prices [of medicine and healthcare] becomes, not the other way round. But in South Africa, we choose the other way round. They say ‘these poor people are going to be very expensive, we cannot afford this NHI’, they want to stay with the 16 percent that are on medical aid,” said Motsoaledi at the official opening of Pharmacy Direct’s central chronic dispensing and distribution centre (CCMDC) in Midrand.

“We have to keep on adding the masses of people, and that is exactly what we are going to do for NHI. Get more people in, and you improve the economy. But still people keep saying no, no, the public health sector is collapsing. These are solutions.”

Motsoaledi joined chairman of AfroCentric Group, Dr Anna Mokgokgong, and chief executive Antonie van Buuren in the official opening of the CCMDC, which will be used to distribute chronic medication in four provinces – KwaZulu Natal, Mpumalanga, Northern Cape and Limpopo.

The AfroCentric Group, the parent company of Pharmacy Direct, said about 4 000 jobs will be created in the programme while making it easier for patients to receive their prescription medicines in clinics, hospitals, pharmacies, schools, and at other designated pick-up points.

“The good news is that an infrastructure like this warehouse also incentivises job creation. I am excited to announce that this warehouse and the increase in Pharmacy Direct volumes by 50 percent will help create at least 4,000 jobs during the next 12 months,” said Mokgokgong.

“The creation of these jobs will benefit more families. This also means infrastructure through innovative economic development projects that integrate commercial developments that help create vibrant communities where people can live and work.”

Pharmacy Direct, established in 2004, is a nationwide courier pharmacy that delivers prescribed chronic medication to private and public sector patients. With a current staff complement of more than 1 000, Pharmacy Direct dispenses and distributes an average of 40 000 chronic prescriptions per day.

-BUSINESS REPORT ONLINE

Solidarity Research Institute has highlighted 12 of the biggest lingering concerns around the planned National Health Insurance (NHI) scheme, pointing out some seemingly insurmountable challenges that are yet to be addressed in any capacity by the government.

In June, health minister Aaron Motsoaledi presented both the **National Health Insurance** and the **Medical Schemes Amendment** Bills.

The new legislation will pave the way for more access to medical healthcare through National Health Insurance (NHI), and represents a massive shake-up to both the governmental and the private healthcare systems.

However, while the bills outline the general plan for the NHI, they both lacked any details – particularly on how the scheme will be funded, and how government plans to cover the many pitfalls inherent to its plans.

According to Solidarity researchers, Nicolien Welthagen and Morné Malan, the NHI faces a host of problems – not only the pertinent question of funding.

These are outlined in the 12 points below:

Funding

Solidarity has **previously** noted that the costs associated with the NHI in the white paper has been understated – and Motsoaledi himself has **admitted** that the estimates were just guesses. The group anticipates that R369 billion in extra tax would need to be collected by 2025 to cover the NHI – after which, R156 billion will be needed every year.

This means an additional tax of 5% of GDP will be required, with an automatic tax addition of 1%-2% being considered, or even an automatic deduction by employers of 1.5%-4%, or premium being charged.

Financial management

The NHI as it is envisioned will become the largest state institution in the history of South Africa, Solidarity said. Given the state's track record of mismanagement and corruption at state-owned companies, this is a massive point of concern.

State control

Healthcare providers will be forced to work in the public sector, with rates determined by the NHI, Solidarity said. While this will bring equal pay, it will remove incentives for providers to perform, and competition will effectively disappear. This would also present Constitutional hurdles, as people will be forced onto the NHI and to pay for it.

Accreditation

South Africa's 33,000 private healthcare bodies will have to be accredited by 2025. There is no indication of how or through whom this process will take place.

Effectiveness

The bureaucracy and red tape introduced by the scheme will hamper effectiveness. Orders, repairs, shortages – everything – will be delayed because it will all have to be channelled through one central body.

Managing assets

The state will be the sole purchaser, but there is no indication how the purchasing and managing of assets, medication and equipment will be handled. A central fund has to be managed perfectly to be effective, Solidarity said. If there are any errors, the potential for drastic consequences is greater.

Maintenance

The question of who will maintain infrastructure and equipment is unanswered. There is also little to no incentive for hospitals and private practitioners to maintain equipment that is not funded by themselves, or linked to some tangible reward, Solidarity said.

Current service levels

Current studies have shown that **South Africa's public hospitals are already in a terrible state** – linked to poor management, lack of skills, and non-compliance with health policies. Most South African hospitals are non-compliant with health standards, and less than half have sufficient staff.

Increase in patients

The NHI making private hospitals open its doors to the greater public means an increase in patients. An increase in patients will require an increase in medical staff. There are already shortages of qualified medical staff in South Africa, Solidarity said.

Disease load

South Africa has an "extraordinary" disease load due to the HIV and TB epidemics. An increase in patients at private hospitals will cause treatment to deteriorate.

Training

The health department plans to remove teaching hospitals from provinces so they can be handled nationally. No further information around this has been revealed. Emergency services will also change. However, where training will take place, or how, or how many new medical professionals will be processed remains a mystery.

Major shortage of human resources

It's estimated that 25% of medical professionals who finish their training in South Africa **leave the country**, Solidarity said. At present, South Africa trains 1,200 doctors a year at 8 medical facilities. The country has a shortage of 83,000 healthcare workers. Solidarity said that filling all empty posts would come at a cost of R40 billion.

The full report can be read in **Solidarity's magazine**.