Skewed NHI debate driven by 'dogma and ignorance'

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While the detractors of SA's proposed National Health Insurance have supplied research to back up claims that government cannot provide universal healthcare, the government seems to rely on 'dogma and public ignorance' to fuel its campaign, writes the Free Market Foundation.

Basing views on fact and supplying correct figures is key to credibility, a principle that applies to the debate on the proposed National Health Insurance (NHI). A fair public debate requires those opposed to NHI to raise considered objections and the government to counter those arguments with factual information.

Unfortunately, writes Dr Johann Serfontein a member of the Free Market Foundation's health policy unit in a *Business Day* report, the debate is not progressing on these terms. Instead, government officials claim there are "identified persons" driving public opposition and who have "dished out misinformation, distortions, hyperbole and Afro-pessimism" on NHI.

According to Serfontein, that South Africa requires universal healthcare is not in question. The issue under debate is the ability of NHI to do the job.

Government representatives frequently state that "80% of specialist physicians service only 16% of the population, and that this is why we need NHI. However, the Department of Health's own Human Resources for Health 2012/13-2016/17 document states that there are 302 specialist physicians working in the public sector and 339 in the private sector." The private sector thus accounts for 52.9% of all specialist physicians – considerably less than the 80% being disseminated as fact.

He writes in the report, using the same document, considering all specialist groupings in SA combined, one can see that out of a total of 9,081 specialists, 5,307 work in the private sector. This amounts to 58.5%, also nowhere near the indicated 80%. Facts published in the department's own human resources documents dispel government claims. Is it acceptable for the government to quote incorrect figures to justify changing the health system?

Another argument used to justify NHI is that the pooling of funds will reduce the cost of healthcare, as was the case with antiretroviral (ARV) drug costs. Unfortunately, Serfontein writes, healthcare costs can be reduced only to a point as they contain a high labour component, a cost that cannot be reduced by pooling funds. "Baumol's cost disease" is an economic theory that determines that costs can be reduced radically only in industries that are not labour-intensive, such as the manufacture of ARVs.

Health-care provision, in contrast, is labour-intensive, with costs linked tightly to the human resource component. A single purchaser model, like the NHI Fund, can only reduce how much health-care providers are paid until they can no longer cover their overhead costs and are forced to close their doors. Poor working conditions make the public sector an unattractive employment alternative to private sector healthcare staff who, in many cases, would opt to leave the country.

Serfontein writes that despite a claim by Econex that there could be a deficit of R200bn in funding for the NHI, the official response was that "they are basing their calculations on what is not going to happen in NHI (and) on the exorbitant fees that are being charged in the private health-care sector today".

Yet the Econex model used the same figures published in the NHI White Paper, simply updating economic growth figures and tackling potential utilisation figures. There were no assumptions on private-sector costs in the document, and simply dismissing the research as "wrong" is irresponsible as this was the government's own cost model.

Serfontein makes the point that there is no doubt that South Africans require universal healthcare. The doubt, he says, is that the NHI is the way to achieve this. The dogmatically driven NHI proposal needs to recognise the realities of SA's economic and governance abilities.

He writes that there are other ways to provide everyone with access to affordable health-care services while reducing costs and increasing access to the private sector – without having hugely to restructure the health system.

This is what should be the subject under debate, Serfontein writes.

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