

## **Funding the NHI – can we afford it?**

*27 July 2016*

"Health cannot be a function of income, it must be a fundamental human right."

This statement, made by Nelson Mandela, is an undeniable truth, but the elephant in the room remains the cost of the provision of universal healthcare for a middle income country like South Africa.

"I don't believe money is the only problem," Elias Masilela, Commissioner at the National Planning Commission told delegates at the 17<sup>th</sup> annual Board of Healthcare Funders (BHF) conference, currently underway in Cape Town.

"Management is the other and probably bigger problem in both the public and private sectors. We are already spending 9% of the budget on health. The outcomes are not commensurate with the expenditure levels, both in absolute and relative terms - because of inefficiencies and mismanagement amongst other factors."

"The NDP is explicit about how it sees health," he says.

"It is not just a medical issue. Health is much more complex than that. The key objective of the NHI ought to be to give access to South Africans in an equitable, predictable and sustainable manner – given income disparities. Success will have to be tested against four critical variables, namely price, quantity, quality and geography. We need to emphasise an improvement in human resources, we need to ensure improved governance."

"Most important is to make sure that any policy we consider is implementable. If not, it is not worth pursuing, as it will be a cost on the economy. Implementability in this case, means that there is a high level of acceptance and buy-in from society and it needs to be transparent and predictable, efficient as well as sustainable. The affordability test is paramount," Masilela says.

Bongani Khumalo, Acting Chairman and CEO of the Financial and Fiscal Commission (FFC) has the responsibility to ensure that there are no unfunded mandates, and that resources are allocated in accordance with the requirements of the citizens of South Africa.

"The financial and fiscal implications need to be the subject of serious engagement between the Departments of Health and Treasury in both the national and provincial spheres of government given the fact that health services are a concurrent function. They must decide how we deal with healthcare as a right enshrined in the Constitution," he said.

Khumalo called for more clarity with respect to the intergovernmental fiscal relations dimensions of the NHI so that both the Treasury and the FFC can give advice about funding. "Each option has different consequences that must be taken into account," he said.

He also pointed out the potential pitfalls and ambiguities that arise from creating a single pool of funding for health.

"Does the whole function become a competency of national government, or is the responsibility shared?" he asked. "And what is the role of the provinces? It is not unconstitutional so long as the provinces have some role to play and we are not tampering with their executive power."

"We have to get NHI right," Masilela urged. "If the NHI does not take account of the imbalances, then 25 years from now we will be worse off than we are today.

"We are talking about the dreams of South Africans," he told delegates. "Your contribution can see the realisation of these dreams. In particular, for the private sector, we implore you to use your power for the greater good."

*From : Cape Business News*