

National health is an unaffordable luxury

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Gareth Stokes : gareth@fanews.co.za

Government seems to have lost some of its early enthusiasm for the long-awaited National Health Insurance (NHI) plan. Industry stakeholders remain in the dark over the final structure of the system and have been forced to rely on the leaked (and ageing) 200-page National Health Insurance Plan for South Africa. The document was compiled by an ANC task team headed by Dr Olive Shisana, chief executive of the Human Sciences Research Council. The government hopes to provide equal access to quality healthcare for all South Africans; but the solution proposed thus far is sketchy around issues of implementation and affordability.

We moved a step closer to solving the affordability part of the equation when Econex, an economic research consultancy, published their detailed assessment of the proposal. The report, commissioned by Hospital Associations of South Africa (HASA), is titled *Financial Implications of a National Health Insurance Plan for South Africa*. The group concludes that the NHI plan will cost between R176bn and R269bn to implement – an amount that would require every taxpaying South African to at least double their personal income tax contribution to afford. The report also flagged a number of serious shortfalls in non-financial healthcare resources. Nicola Theron, director of Econex, told Business Report: “We found that in the face of potentially unlimited demand, we would need an additional 10 000 general practitioners and between 7 000 and 17 000 specialists relative to what we currently have.”

What will the system offer?

The Econex cost estimate ties in with the per-member cost of comprehensive medical aid solutions already on offer in South Africa. If you extrapolate the average R800 per member per month for private medical aid across the country's 48 million inhabitants – and reduce by a third for potential cost savings – you come within a few million rand of the Econex 'low' estimate... Will government push through with NHI despite these insurmountable obstacles?

The solution proposed by the ANC task team centres on a publicly administered NHI Fund that will pool all healthcare contributions and use these funds to purchase health services from both public and private sector providers. Funds will be collected from government coffers, through a new payroll tax on employed persons (possibly 9% of gross remuneration shared equally by employer and employee) and by diverting a portion of current private medical scheme contributions. But there are problems. First – the country has inadequate resources to extend existing levels of healthcare to all South Africans. Second – there are insufficient funds to extend even a basic healthcare package to all citizens. And third – no resolution has been reached as to the structure of the eventual NHI solution.

A solution touted by the ANC task team was the so-called 'single-payer' system which would empower the NHI Fund to reduce healthcare costs by bulking. **This system would eliminate acquisition costs (including broker fees and medical schemes' marketing expenses) and possibly eliminate the requirement for private medical schemes altogether.**

National Health Insurance remains a key priority

The Econex report concludes: “An NHI of the type proposed is beyond South Africa's capacity in a number of ways!” Government is best advised to place emphasis on corrective health reform at the country's primary healthcare facilities and public hospitals. This explains why government's short-term focus has shifted from NHI to public hospital infrastructure and administration. But government will undoubtedly revisit its long-term health reform objectives.

On 16 July 2009, Dr Molefi Sefularo, then Deputy Minister of Health – subsequently killed in a tragic motor vehicle accident – observed: “National Health Insurance (NHI) is one of 10 key priorities of the health sector's Programme of Action being implemented in the next five years. Its objective is to put in place the necessary funding and health service delivery mechanisms which will enable the creation of an efficient, equitable and sustainable health system in South Africa.”

Editor's thoughts: It's easy to dwell on the negatives when discussing costly public service initiatives. We tend to focus on government's failures in administering the country's power and water infrastructure rather than finding

workable solutions for new projects! How would you balance cost and effective healthcare provision in South Africa's current healthcare framework? Add your comment below, or send it to gareth@fanews.co.za