

## South African National Health Insurance (NHI) Policy:

### Prospects and Challenges for its Efficient Implementation

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In 2011 South Africa's National Department of Health (NDoH) launched the Green Paper on the National Health Insurance scheme. This brief discusses the positive aspects and challenges of the scheme. It argues that the current incapacitated status of the health system in South Africa displays a model of inequality in resource management, distribution and sustainability, due to the two-tiered prototype system. Consequently, it agrees that there is an urgent need for an enhanced, equitable and sustainable health-care system. Drastic changes are inevitable, as the financing model, pricing regulations, service provision and quality need to be improved. The implementation of changes is set to take place over a period of 14 years, from 2011 to 2025. An NHI scheme has been modelled in various countries, and both successes and failures have been reported. There is a chance that the model may work ideally according to the policy; however, there are elements that could render the system unworkable, such as uneven distribution of resources and inadequacy of health workers' professionalism and ethics. Therefore, this paper explores the potential hindrances and makes recommendations.

#### Introduction

Access to basic health care is a human right, according to section 27(2) of the Bill of Rights, 1996<sup>1</sup>. The section emphasises certain key actions: respect, protect, promote and fulfil. The state is governed by this act to ensure that the right of access to health-care services is respected, by not unfairly or unreasonably getting in the

way of people's accessing existing health-care services, whether in the public or private sector. This right should be protected by developing and implementing a comprehensive legal framework to stop people who wish to hinder the existing access of others, so that individuals are able to realise their rights on their own. Finally, it is essential that the right be met by creating the necessary conditions for people to access health care, by

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## Access to basic health care is a human right

providing positive assistance, benefits and actual health-care services.<sup>2</sup> Universal access to a quality health-care programme is a basic human right; hence the worldwide attempts to provide sustainable health care to the public. Governments such as those of the United States of America (US) and the United Kingdom (UK) have drafted and implemented sustainable health-care systems.<sup>3</sup> The US Government passed the Patient Protection and Affordable Care Act (PPACA) in 2010.<sup>4</sup> The British National Health System (NHS), which is publicly funded, was launched in 1948.<sup>5</sup> As for Africa, Uganda, Ghana and Nigeria, for instance, also have national health policies. South Africa also made history in 2011 by launching the Green Paper on the National Health Insurance (NHI), which is said to be an innovative and sustainable system for financing of health care, as well as offering quality service to citizens.<sup>6</sup> The current South African health system is inequitable and undermines the rights of some citizens, especially those in the low-income class or the unemployed.

Therefore, the implementation of a system such as the NHI is anticipated to bring about a radical transformation that will influence administration, financing, service delivery, orientation of health facilities' infrastructure and affordability, and offer financial risk protection against health-associated catastrophes. The set NHI objectives are to advance access to quality health services for all South Africans, irrespective of their employment status. This is important, because it has been shown that there has been a swift decline in the working class's ability to afford a medical aid, thus increasing the need for improved access to this basic right. Furthermore, it is beneficial to pool risks and funds in order to formulate an equitable system that will favour social solidarity, which would be achieved by the creation of a single NHI fund. Procurement of services on behalf of the entire population would promote efficient mobility and also control key financial resources; this system would strengthen the under-resourced and strained public sector in order to improve the health system. The private sector has been predicted to suffer medium- to long-term forfeiture, due to its unsustainable features, such as high costs that are linked to high service charges, provider-induced utilisation of services and over-servicing of patients on the basis of a fee-for-service method.

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## The evolution of a health-care system

South Africa has a history of botched health insurance systems, and the evolution of health-care reforms dates back to the late 1920s.<sup>7</sup> In 1928, there was a Commission on Old Age Pension and National Insurance, which supported the coverage of medical, maternity and funeral benefits for low-income employees working in the formal sector in urban areas. A few years later, in 1935, there was a commission of enquiry to promote a scheme similar to the insurance policy set in 1928; nonetheless, it did not succeed. Thereafter, there was a National Health Service Commission (1942–1944).

Much later, the Health Care Finance Committee (1994) recommended that all formally employed individuals, together with their immediate dependants, should mandatorily hold membership of health insurance; however, this system was unsuccessful due to the state's inability to adequately finance the recommended service packages. Former Health Minister Nkosazana Dlamini-Zuma assembled a Committee of Inquiry on National Health (1995), which proposed different benefit packages from the 1994 reform. The Social Health Insurance Working Group (1997) resulted in the framework that regulated the development of the Medical Schemes Act, meant for private health insurance, which was unfortunately affordable by less than 16 per cent of the population. A further Committee of Inquiry into a Comprehensive Social Security for South Africa (2002) was chaired by Prof. Vivienne Taylor, who recommended a dedicated tax for health that would finance compulsory cover for those who were in the formal sector, earning above the stipulated tax threshold. To implement the recommendations made by Taylor, the Ministerial Task Team on Social Health Insurance (2002) was convened to draft the implementation plan. However, like previous other proposed models, Taylor's social health insurance did not succeed. Finally, there was the Advisory Committee on National Health Insurance (2009). This committee was mandated to deliver its recommendations to the Minister of Health and the NDoH regarding an equitable health insurance system.<sup>8</sup>

The Green Paper proposes the gradual implementation of the NHI in three phases over a 14-year period, starting in 2012.<sup>9</sup> The first phase

(over a five-year period) will encompass policy and legislative reform, strengthening of the health system, improvement of the service delivery platform and selection of districts for piloting various components of the NHI. The important prerequisite for the NHI will be the strengthening of the public health system operation.

## The principles of national health insurance

The NHI scope is governed and guided by Section 27 of the Bill of Rights; thus it observes these principles: the right to access, social solidarity, effectiveness, appropriateness, equity, affordability and efficiency.

## Elements hindering efficiency

The public has lost faith in the health-care system of South Africa and its service providers, particularly in those working for the state. The NHI policy focuses predominantly on the creation of a prodigious health-care system; however, it does not address the behavioural issues and the shortage of efficient, skilled and professional health-care workers. The majority of small community clinics and public hospitals, particularly in the rural or semi-urbanised areas, are staffed by health-care workers who possess neither skills nor a professional code of practice. Most low-income citizens are dissatisfied by the quality of service they receive from these facilities, mainly owing to the negligent attitude of the staff.

There is little chance that those who are on medical aids will abandon private hospitals, and therefore, it is unrealistic for the planners of the NHI to suppose that the private sector will suffer long-term effects from the implementation of the NHI. Recently, there were disturbing radio reports from citizens who complained about a state hospital near Pretoria, explicitly describing the appalling treatment they received from health-care professionals who work in that hospital. This is disquieting, considering that the NHI roll-out includes the relevant hospital as one of its crucial pilot areas. According to a report by Matsoso and Fryatt,<sup>10</sup> the implementation is progressing positively in many areas; however, there are considerable issues that require serious attention, particularly the financing and service delivery aspects, and thus require thoughtful management.

## What can be done?

- The NHI has not articulated the cost of re-establishing a code of conduct among health-care workers, in view of the fact that the full implementation of the NHI will cost approximately R336 billion by 2025.<sup>11</sup> Budgeting for ethical support programmes may come at a small fortune; however, it will save costs on other capacities.
- Enlisting regulatory principles and training of health-care workers may have positive implications not only for the costs of the NHI funding, but also for the health outcomes of the patients. Subsection 7.1 of the NHI policy document states that “the National Health Insurance would have positive or negative implications, depending on the model utilized and its outcomes”. It further goes on to argue that “better health outcomes need to translate into significant labor productivity”, asserting that with improved labour behaviour, there is a high possibility of increasing economic growth by 0.5 per cent.
- Furthermore, the principles and implementation of the NHI have been inadequately communicated to the public and, as a result, there may be another public outcry, similar to that on e-tolling, when implementation begins.

## Recommendations and conclusion

- For the NHI to thrive, the government will need to carefully reconsider the causes of the deteriorating conditions in the government hospitals, the poor service and increased mortality, and eradicate corruption and mismanagement of state facilities, resources and fiscal funds.
- In view of past failures in the implementation of such initiatives and their viability in South Africa, it is important for government to understand that little is known and understood by the service providers and users; thus it is important that the government ensure that both users and providers understand the policy.
- Optimal and sustainable distribution of technological, physical, managerial and financial resources must be ensured in order to eliminate inequalities that exist within the health institutions. To this end, basic elements or determinants (i.e. housing, water,

The NHI is anticipated to bring about a radical transformation

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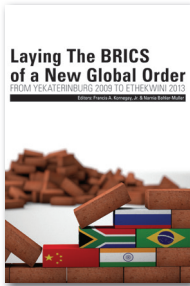
livelihoods and sanitation) that contribute towards a healthy lifestyle should be taken into consideration.

- Government and the NHI district managers concerned need to strictly monitor and evaluate the pilot districts in order to detect and curb possible gaps for fraud or an enabling environment for corruption.
- Given the high unemployment rate in South Africa, the NHI budget should be tightly controlled, because there is a possibility that it may collapse due to lack of finances, as affordability of this insurance has been a major challenge in the past.
- Due to the shortage of general practitioners (GPs), the NHI proposes to source out 600 private GPs to provide services to NHI pilot districts. This is more likely to cause private GPs to raise their service-delivery prices, in view of the conditions they will have to serve under, particularly in the rural areas. Therefore, the NHI should rather consider utilising a high percentage of interns.
- In conclusion, there is no doubt that an NHI could prove to be a sustainable method for rolling out an accessible and affordable health-care system; however, stringent caution must be exercised and the project monitored closely to eliminate failures like those of the past.

The full implementation of the NHI will cost approximately R336 billion by 2025

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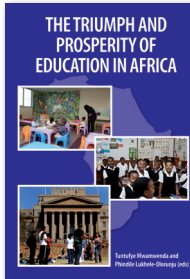
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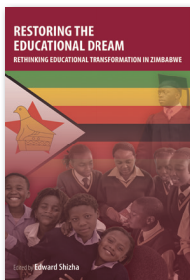
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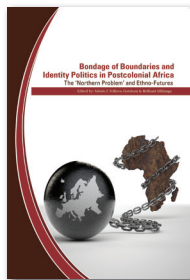
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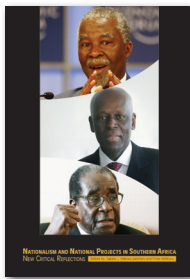
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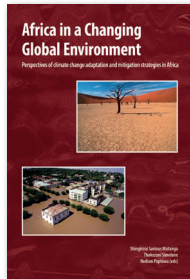
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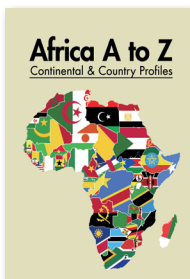
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