Southern African Catholic Bishops' Conference
PARLIAMENTARY LIAISON OFFICE

Briefing Paper 509

September 2020

Many Moving Parts: A First Look at the NHI

1. Introduction

Two months ago, with the declaration of a national lockdown due to COVID-19, the Parliament of South Africa decided to halt the passage of the National Health Insurance Bill (NHI). South Africans, especially critics of the idea, could have been forgiven for thinking that the legislation would die a slow death, and thus also the notion of an NHI.

However, despite the fact that the idea of an NHI has been described by some as 'pie in the sky', 'idealistic', 'unaffordable', etc., the determination of government to implement one was reiterated by President Ramaphosa when he engaged with editors and senior journalists during a virtual forum organised by the South African National Editors' Forum (Sanef) recently. He indicated that the NHI could well be the silver lining of the COVID-19 pandemic. Indeed, throughout the lockdown period, the Health Minister, Dr Zweli Mkhize, has also repeatedly referred to the importance of the NHI when talking about government's response to the pandemic.

The NHI is a complex system with many moving parts. While the funding of the NHI is an obvious challenge, the scope of this short paper is limited only to asking questions around whether South Africa's public facilities are adequate, whether there are enough healthcare professionals, and whether the private sector can deliver quality and cost-efficient services.

2. The Need for a NHI

The National Health Insurance scheme is a financing system that is intended to ensure that all South Africans have access to essential healthcare, regardless of their employment status or their ability to make a direct monetary contribution to the NHI Fund.

South Africa has a two-tiered healthcare system, with a relatively well-resourced private system caring for no more than 20% of the population and a less well-resourced public system providing care to about 80% of the population.

There are currently over 4 000 public health facilities that service over 80% of the population's primary health care needs. In the private sector there are close to 5 000 general practitioners who service the health care needs of only 16% of the population. Most of these doctors are concentrated in urban areas. People in rural areas are therefore largely dependent on an ailing, under-resourced public sector.[1]

In order for the NHI to be effective a few challenges, besides finding the finances to fund it, will need to be met head on: poor infrastructure of public facilities; shortage of health professionals; and a working partnership between the public and private sectors.

3. Shortage of Public Facilities and Poor Infrastructure

One of the most pressing challenges that came to the fore during the public hearings on the NHI Bill was the poor state of the infrastructure of public healthcare facilities. The complaints ranged from the size of clinics (too small) to poorly maintained healthcare facilities and requests for the government to build more accessible clinics closer to communities. For example, Lephepane Clinic in

Limpopo was rated as the worst clinic in the country by the Office of Health Standards Compliance,[2] and community members there have been pleading for years that the government build a new clinic.

4. Shortage of Healthcare Professionals

A recent strategy document (*2030 Human Resources for Health Strategy: Investing in the Health Workforce for Universal Health Coverage*) released by the Department of Health laid bare the disparities between the public and private health care sectors:[3] the public sector employs approximately seven specialists per 100 000 population, while the private sector employs approximately 69 specialist per 100 000. The document also shone a light on the huge disparities in the numbers of health professionals in provinces and rural and urban centres. For example, "the Western Cape has 25.8 medical specialists per 100 000 public sector population compared to only 1.4 per 100 000 in Limpopo." According to the strategy document, South Africa will need a significant increase in the number of specialists by 2025. This will also have a significant impact on the success of rolling out NHI.

South Africa also has a critical shortage of nurses and community health workers (CHW) who, arguably, form the backbone of a health system. According a National Department of Health estimate, the country had a shortage of 44 780[4] professional nurses, while a 2018 Medical Research Council report estimated that South Africa needed an additional 41 000 (which will bring the total to about 96 000)[5] community health workers to implement community-based healthcare. The report further states that increasing the CHW numbers could save more lives in the next decade. A shortage of healthcare workers is a recurring issue across all nine provinces, but it is often in rural areas where staff shortages in healthcare facilities are most felt.

The challenges of staff shortages may be difficult to tackle because of two reasons: firstly, the budget for National Health Department this year increased by a mere 1% and secondly, the planned cuts to public servant numbers over the next three years will affect the sector badly.

5. Building a Bridge Between the Public and Private Health Sectors

According to the NHI Bill, government will, through the NHI Fund, actively "purchase health care services from accredited and contracted providers on behalf of the population". This purchaser-provider split will, it is argued, "provide for equity, efficiency and quality of services, through competition and consequence management".[6] The cost-efficient purchasing of health services from the private sector rests, however, on a good working relationship between the state and the private sector and the premise that the private sector is robust and competitive enough to provide fair prices for its services.

As the COVID-19 infections rose recently, so too did the need for hospital beds. There were not enough beds in the public health facilities and the state had to make arrangements with the private sector. The negotiations for the purchasing of these beds were less than cordial. In a letter addressed to the national Department of Health, the South African Private Practitioners Forum expressed their unhappiness with the per diem rate they were offered per patient. They also argued that government was 'being uncooperative in the face of good-faith attempts by private-sector doctors to volunteer their services at the risk of their own health.'[7] It was impossible for the state to negotiate with the sector as a whole, since it is made up of a number of independent operators.

Also, service level agreements had to be negotiated with an industry that was not as competitive as it should be. In 2019 a Competition Commission enquiry found that the private health care facilities market was dominated by three groups which accounted for 80% of hospital beds and 90% of all admissions.[8] The enquiry also found that no effective competition existed for the services purchased by medical aid schemes. This, in all likelihood, impacted on the negotiations the state had to undertake for the purchasing of COVID-19 beds. The private sector did, however, agree on a pricing that did not generate a profit. In the end the costs were, for each patient per bed category: critical care at R16 156; general care at R3 449; and palliative care at R1 142.[9]

Although these costs and negotiations are not indicative of what the NHI's costs and negotiations will be, the lesson is that it will not be easy or

cheap. What could impact the NHI positively is if the recommendations of the Competition Commission enquiry are implemented. The recommendations, aimed at creating greater accountability and increasing competition, include the establishment of a supply-side regulator which would assist provinces in issuing licenses for hospitals; assist with a process and a platform for price-setting for doctors; conduct or contract out research into cost-effective health care interventions, including technology; and facilitate access to reliable information on quality of health and health outcomes measurement.[10]

The implementation of these recommendations could create some kind of parity between the private and public sectors, keeping private sector players in line and ensuring that the NHI can purchase services that are competitively priced.

6. Conclusion

Despite serious concerns around the funding of the NHI, all indications are that South Africa will have one. The fact that South Africa needs universal healthcare for everyone is also almost universally accepted. How we get there is less clear.

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