NHI

Will the NHI Bill deliver NHI?

Dr Siva Pillay

27 Oct 2023

ECIPA HEALTHCARE
your health in good hands

The NHI is a Noble Principle

That every citizen shall have access to equitable quality healthcare, at their time of need, irrespective of their financial circumstance

This is a noble goal that we support 100% without reservation

But will the Bill deliver this NHI???

Will the Bill deliver NHI

By its own admission s57 of the Bill says that the Act will be implemented in 2 transitional phases over 6 years (2023 – 2028)

In this 6 years the Act is promising to do what the Govt. was already mandated to do over the past >25 years

If the Govt could not implement these mandates in the last >25 years – what guarantee do we, the public, have that passing of this NHI Bill will result in implementation of NHI.

h/o Huge sums of funds appropriated from Treasury in the past 25 years with poor to no results !!

NHI History:

- https://ipasa.co.za/resource-centre/ --- history is under "policy & reports general health"
- From days of Henry Gluckman (1942/44) – passionately debated
- NHS vs NHI
- Public funded provider system vs Purchaser provider split
- Public vs Private
- Pragmatic ANC health policy (1994) – "all of South Africa's health care resources must be used optimally for all of it's citizens"

Health Reforms ad infinitum.. Poor implementation

- 1994 ANC Health Plan
- 1994 White Paper
- 1994 Finance Committee for NHI
- 1995 National Health Insurance Committee – Deeble Plan
- 1997 Departmental Task Team
- 1997 Mafikeng Resolution – draw up a road-map
- 1999 Medical Schemes Act
- 2002 Stellenbosch Resolution - road-map re-affirmed
- 2000-2002 Taylor Committee Report
- 2003 State of the Nation Address – Pres. Thabo Mbeki
- 2005 GEMS
- 2005 National Health Act
- Etc etc etc ……. …..

Implementation has to replace Policy & Legislation

Taylor Commission's proposed phased reforms

Passed by Parliament in 2002

and

Given to Cabinet and DoH as a mandate to implement

2000-2002 Taylor Commission:
(Transforming the present & Protecting the Future)

Phase 1: Development of Enabling Environment

- Preparation of Public Sector Budget System
- Preparation of Public Sector Hospital System
- Consolidation of Medical Schemes Reforms
- Development of integrated subsidy system
- Implementation of measures to contain private sector cost increases

Phase 2: Implement Preparatory Reforms

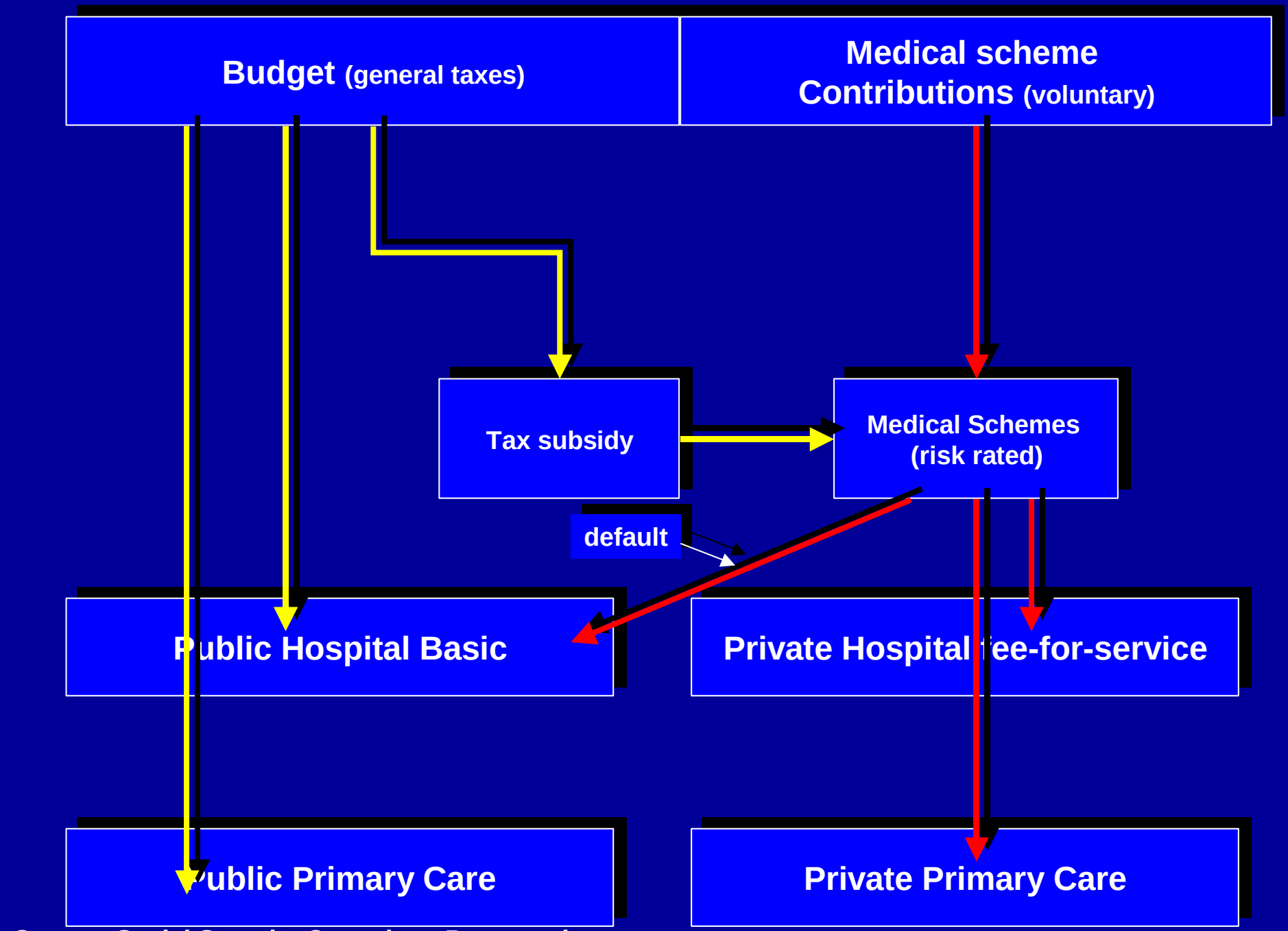
- Risk equalisation Fund for medical schemes
- Risk-adjusted subsidy to medical schemes
- State sponsored medical scheme
- Mandatory environment for civil servants

Phase 3: Implement Statutory Mandates

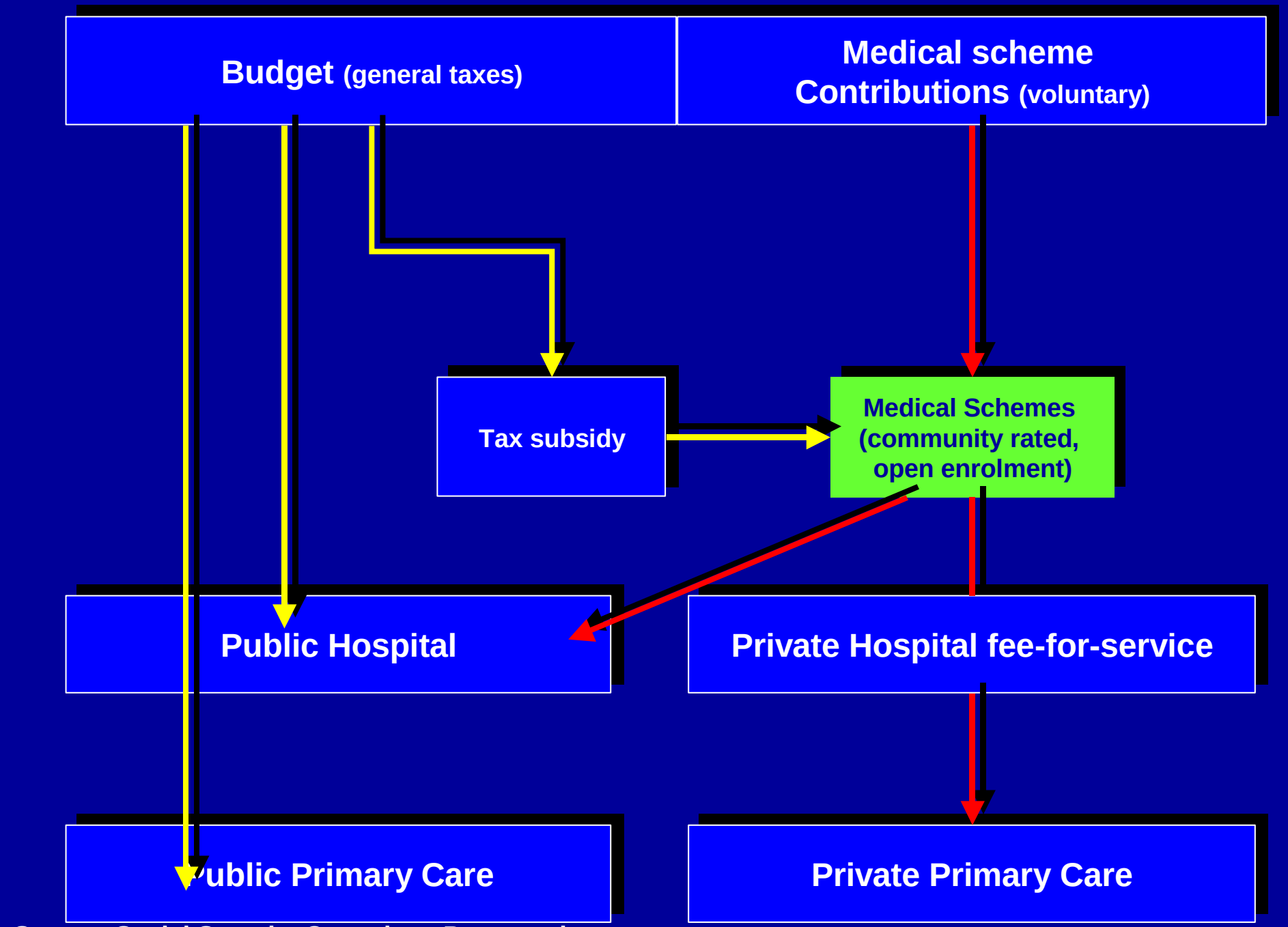
- Mandate medical scheme membership for
  - Medium to large employers
  - High -income earners
- Voluntary contributory environment for low-income groups
  - State sponsored scheme
  - Public Sector Contributory Fund

Phase 4: National Health Insurance Implemented

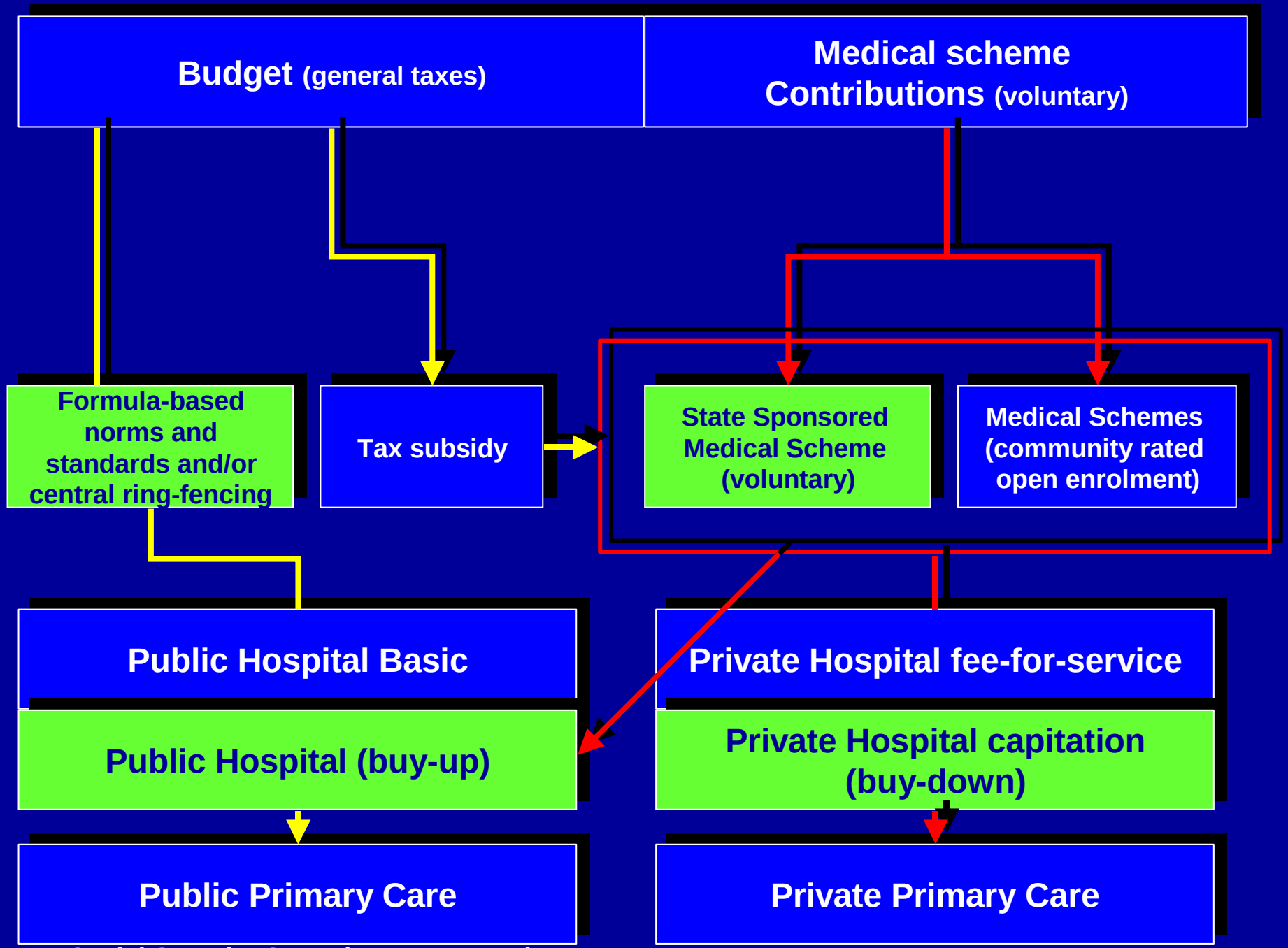
- Central Equity Fund
- Public Sector Contributory Fund



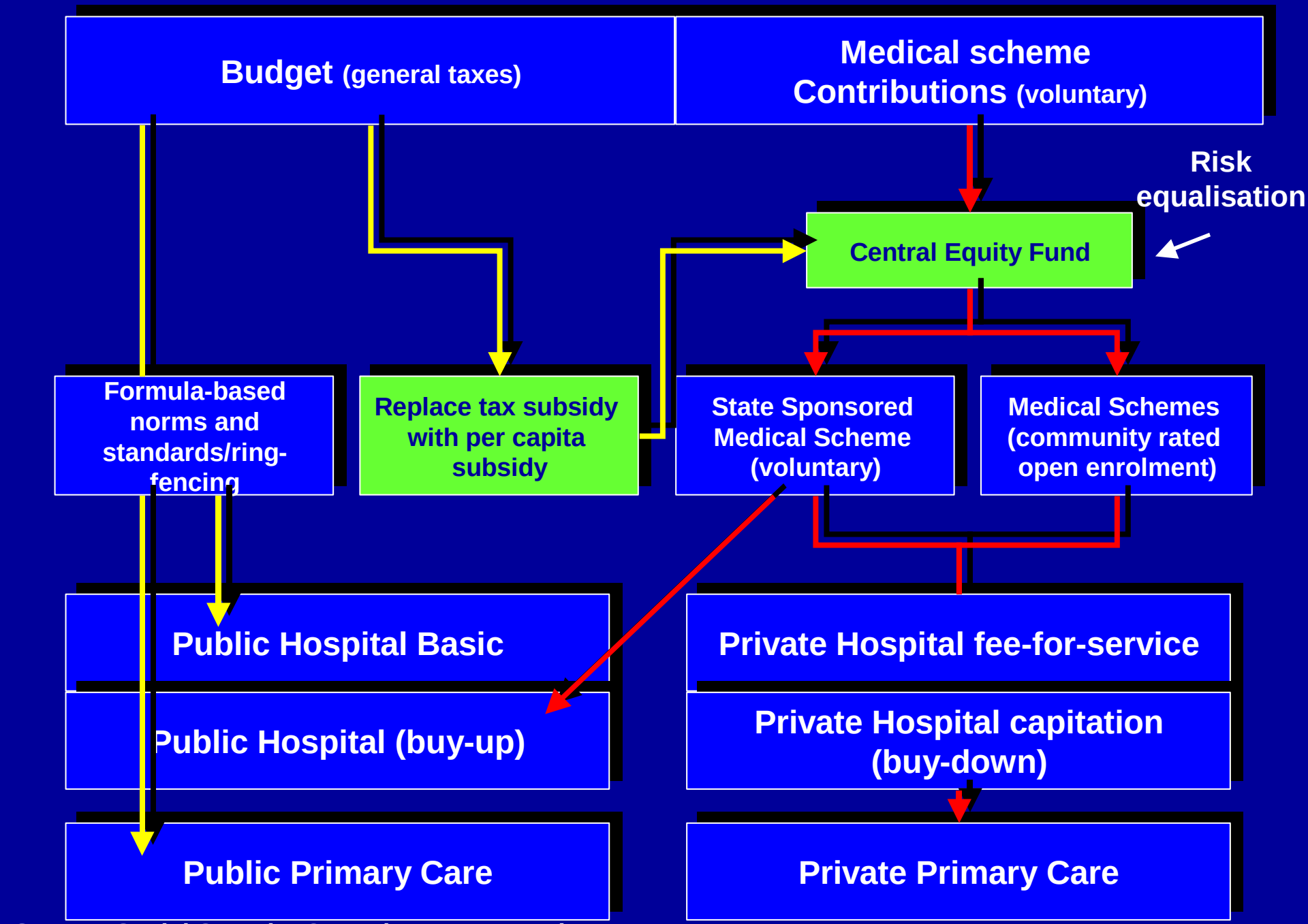
Source: Social Security Committee Presentation



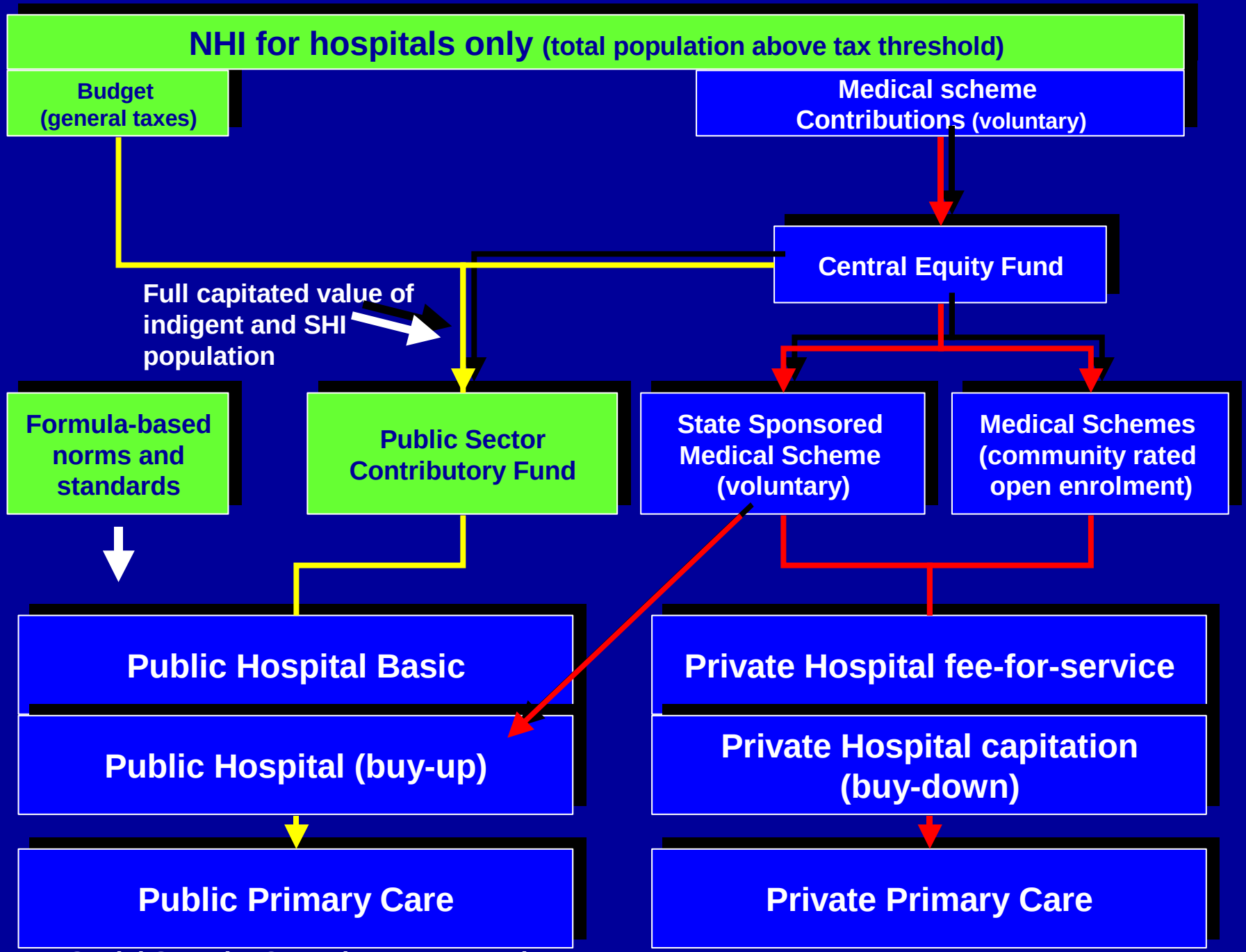
Source: Social Security Committee Presentation



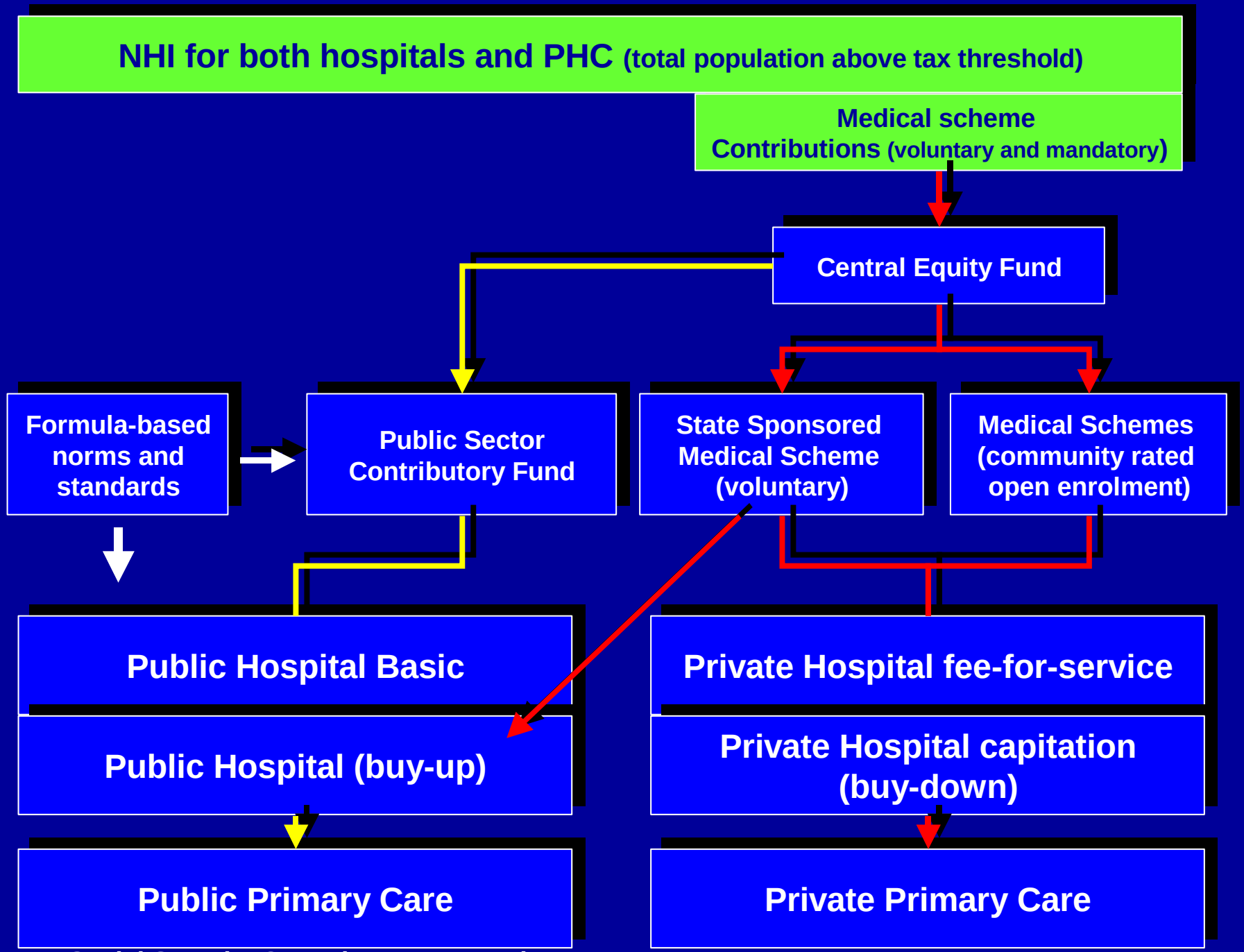
Source: Social Security Committee Presentation



Source: Social Security Committee Presentation

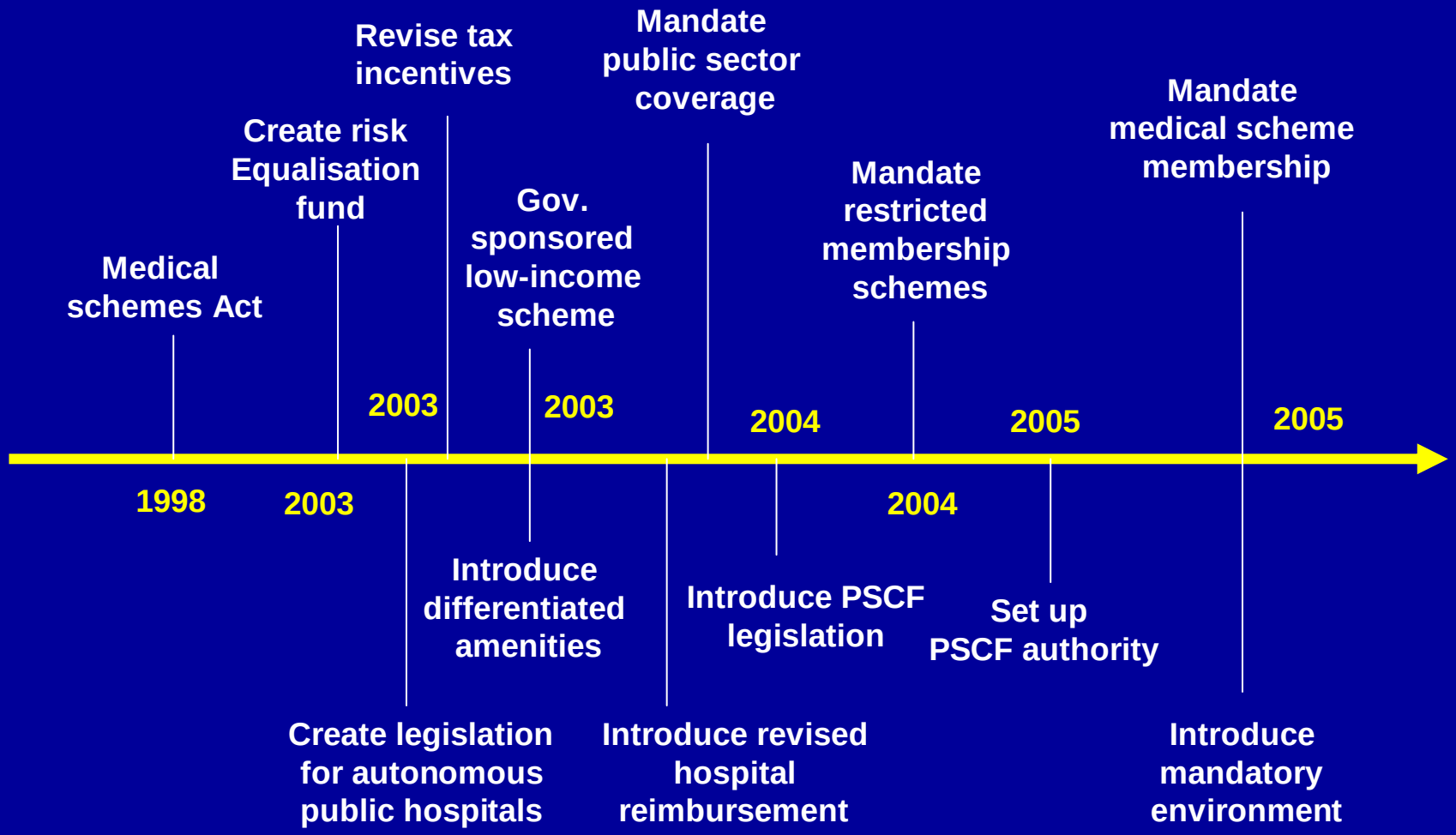


Source: Social Security Committee Presentation



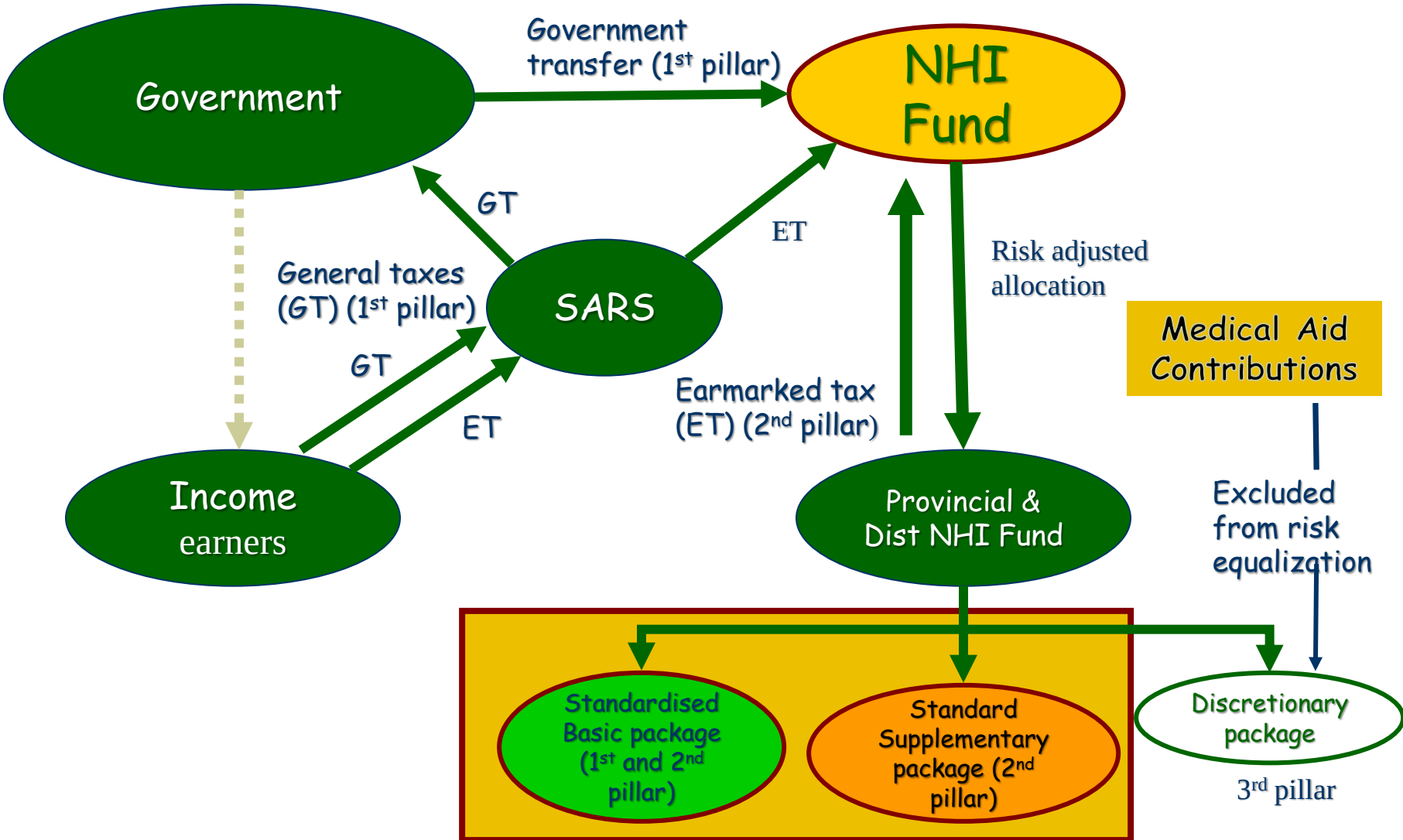
Source: Social Security Committee Presentation

Health Reform Timeline

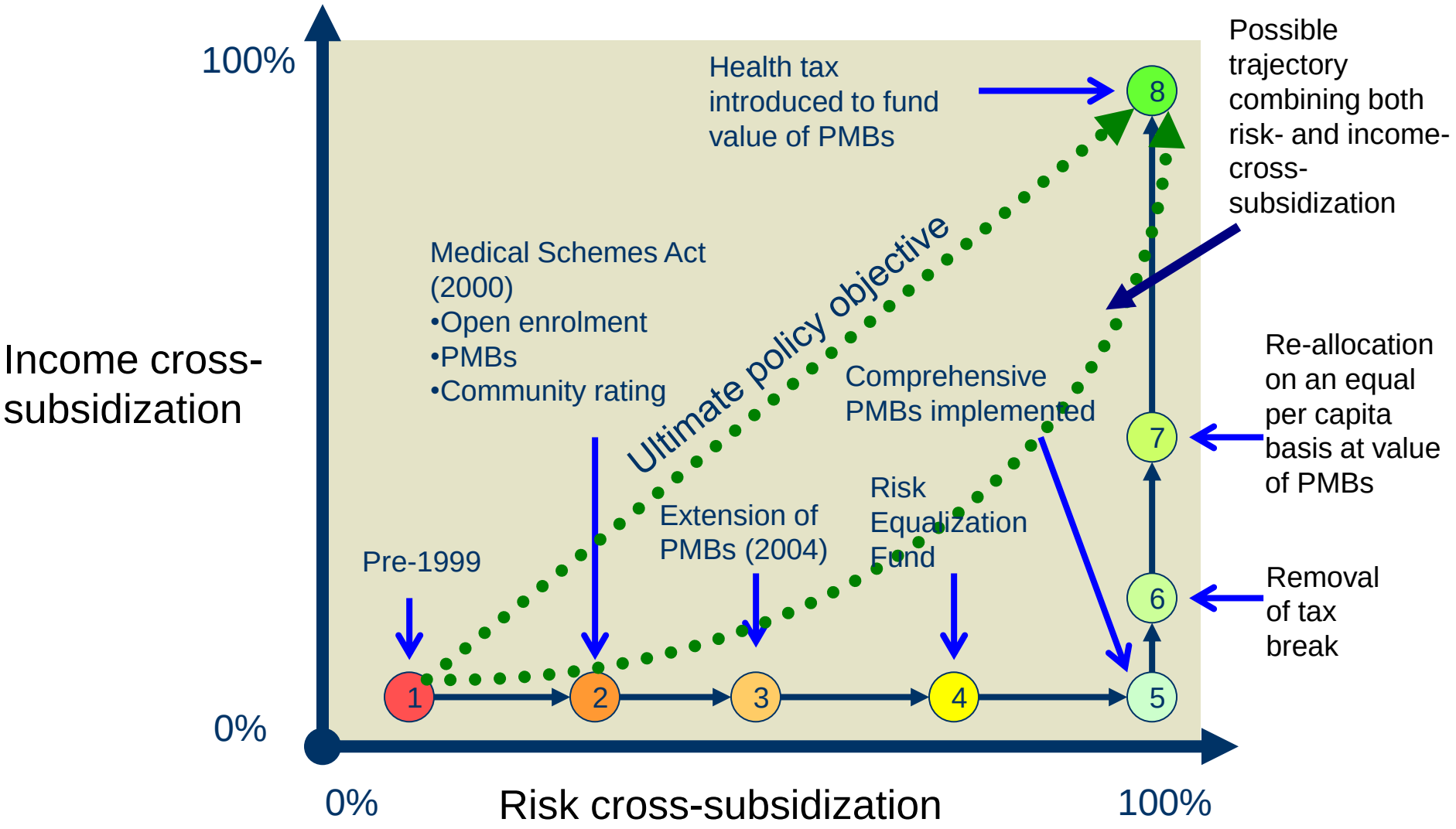


Source: Social Security Committee Presentation

NHI Funding Model:



Policy Flow Trajectory MSA:



Source: Ministerial Task Team on SHI July 2005

This implementation plan had taken too long with:

Paralysis in analysis

Inertia of Initiation

Patchy and Un-coordinated Implementation

Stakeholder Ransom

Poor Stewardship

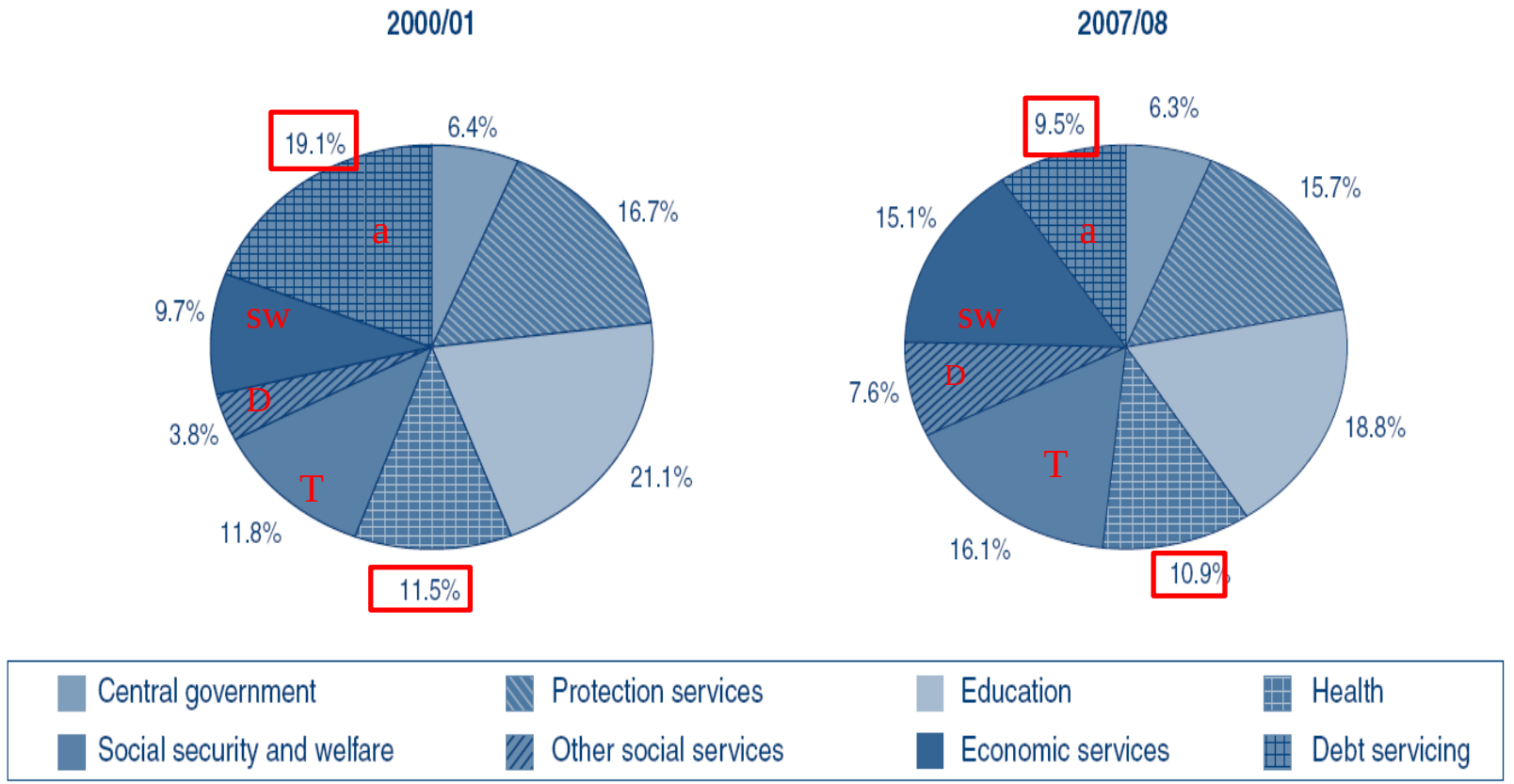
2004-2008: Poor Stewardship

- Despite consistent recommendations – implementation was poor and patchy & reasons were complicated and include:
  - ideological opposition from some quarters;
  - the low priority of the health functioning within government;
  - weak and fragmented policy processes;
  - leadership changes in the DoH - levels
  - capacity weaknesses in the Depts - both National & Provincial
  - concerted lobbying from private interests; and
  - personality clashes.
- Despite the various Committees of Inquiry, by 2008 government still lacked a documented vision of a coherent sequenced reform road-map, with time-frames for implementation.
- The absence of a coherent implementation strategy should not be confused with uncertainty over whether to introduce a universal NHI. We support the NHI ideal but Govt is failing to implement!
- NHI is a long-term process & goal that needs consistent leadership and champions with institutional memory for successful implementation.

Wasted Opportunities:

Opportunity Lost- Budget Allocation

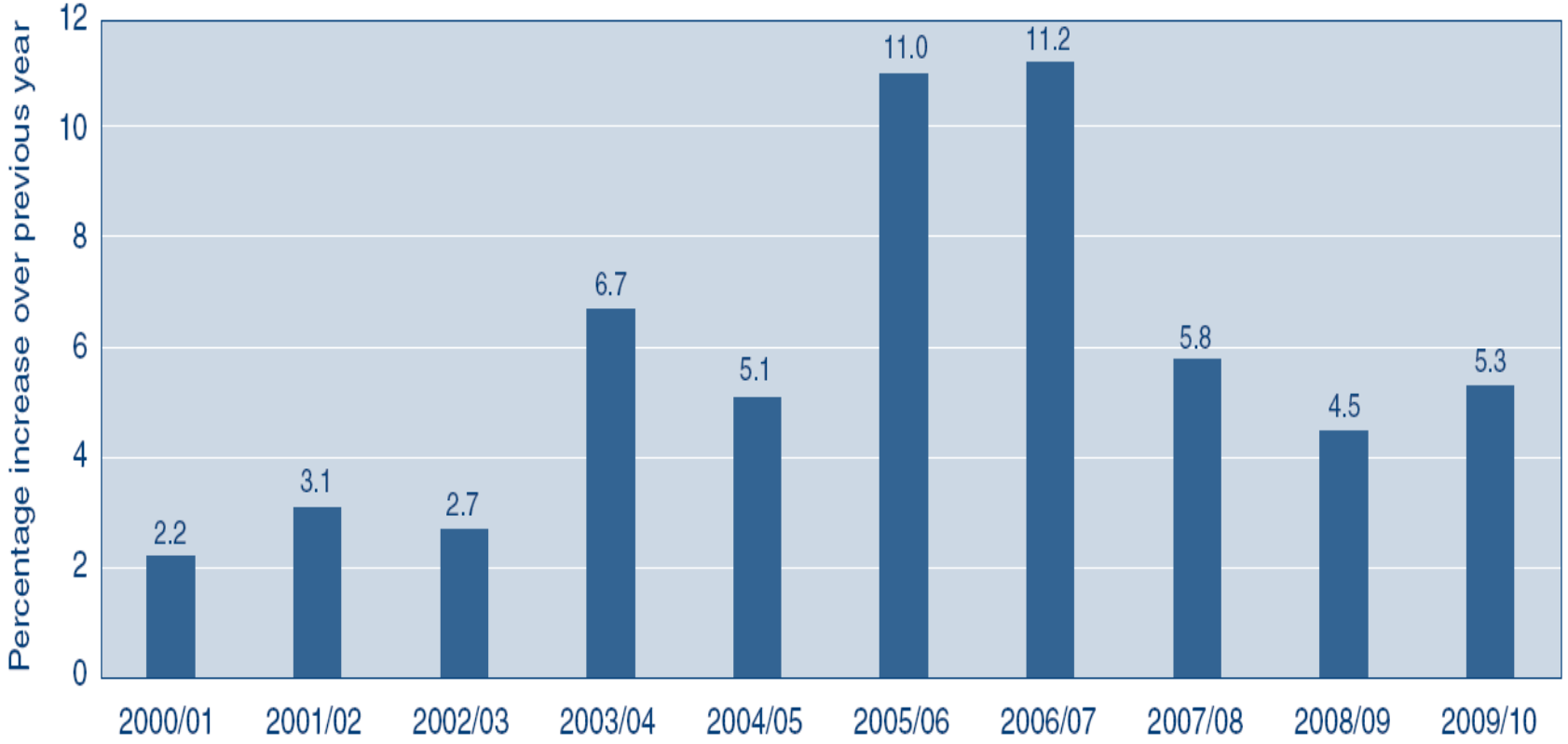
Figure 3: Government expenditure shares, 2000/01 and 2007/08 (functional classification)



Source: McIntyre, 2007;[1] National Treasury.[4,9]

Effects of GEAR: Budget Allocation

Figure 2: Annual increase in real government health care expenditure (until 2005/06) and budgets (2006/07 onwards)



Source: National Treasury;[4,7,8,9,10] StatsSA, 2007.[11]

Wasted Opportunity - MSA:

- CMS is now rudderless without direction after the White Paper
- PMBs not reviewed
- REF not being pursued
- CEF idea abandoned
- s29(p) – anti-dumping – not understood by depts.
- Groundwork for NHI not pursued:
  - Admin systems
  - Benefit basket development
  - Cost analysis for BBB
  - Universality of membership and digital records etc etc

Wasted Opportunity-Conditional Grants:

- Policy not fully understood nor implemented
- No development of Differentiated Amenities
- HPTD grant not used for proper staffing
- No development of District hospital with BBB
- UPFS not implemented
- No development of billing capacity or revenue generation
- RWOP policy misunderstood
- Lost the opportunity to be the DSP for GEMS & Parmed
- NTSG grant –provide strategic funding to enable provinces to plan, modernize and transform services in tertiary hospitals
- **If this Bill is passed as is – what are the labour implications for Public hospitals that fail accreditation!**
- **Will workers be made redundant??**

Neil Soderland study:

Basis for Hospital Revitalization plan & Differentiated Amenities

Not implemented!!

Small Applied Research

Paper No. 3

An Essential Hospital Package for South Africa: Selection Criteria, Costs, and Affordability

May 1998

Prepared by:

Neil Söderlund, M.D., Ph.D.
Enoch Peprah, M.Sc.
Consultants
Center for Health Policy
Johannesburg, South Africa

Partnerships for Health Reform
PHR

Abt Associates Inc. # 4800 Montgomery Lane, Suite 600
Bethesda, Maryland 20814 # Tel: 301/913-0500 # Fax: 301/652-3916

In collaboration with:

Development Associates, Inc. # Harvard School of Public Health #
Howard University International Affairs Center # University Research Corporation

Wasted Opportunity: HPTDG

- Funds were ring-fenced for Health Professional development in all provinces for all health personnel
- They were to Revitalize the hospitals in preparation for DSP arrangements for GEMS & Parmed.
- Rural allowance & scholarships to boost redistribution
- Depts. did not even employ those they funded – despite hospitals collapsing
- RWOPs is a disaster & misapplied & actually contributing to collapse of hospital

Wasted Opportunity: OHSC

- OHSC was set up to improve quality and "accredit" facilities for NHI
- Initial reports damning and **all** facilities in EC failed to comply to basic standards
- Instead of improving the health facilities – the OHSC is being side-stepped and allowed to collapse - to loose its bite
- Now NHI Bill is proposing duplication

Wasted Opportunity : Gems & Parmed

- Gems & Parmed are Govt. employees and the idea was if we could get them to use the State facilities as DSPs – it would serve many purposes of the alignment of policy towards NHI
  - Since members were Govt. employees they would ensure better service – as they would utilize services
  - Revenue generation & funds shift to public sector
  - Ability to compete with Private hospitals
  - Develop billing capacity, revenue generation & retention and sense of competitiveness
  - UPFS and RWOPs will give the public hospital competitive advantage
- Policy was neither understood nor implemented!!

Wasted Opportunity: NHI Pilots

- Funds were appropriated from Treasury to runs 10 Pilot NHI sites
- None came anywhere near meeting objectives and there is no report on what lessons were learnt
- There was no steward-ship and the process was rudderless and a waste of appropriated funds
- If the Dept. failed to run even a single NHI pilot site successfully – how can they then be trusted to implement NHI nationally – wherein they are proposing a single purchaser arrangement – **thus collapsing a vibrant medical aid industry – which is actually working!!**

Integration Challenges
Not Implemented!

- Harmonization of regulatory frameworks between various statutory bodies:
  - Health Professions Act governed by multiple Health Professional Councils
  - Competition Act governed by Competition Commission
  - Administrators' & Managed care provisions of Medical Schemes Act, governed by Council for Medical Schemes
  - Provincial Health Acts

competitioncommission south africa

HPCSA Health Professions Council of South Africa

Public Sector (In)efficiency Not yet addressed!

- Key issues:
  - Market structure – neither competitive nor incl.
  - Service Delivery Platform
  - De-centralization & Autonomy of managers
  - Distribution of services
  - Better Healthcare delivery & PHC prioritization – meeting standards of OHSC
  - Better SCM and HR Management
  - **Contain corruption**

Source: Prof Di McIntyre, UCT

Another waste: NHI Bill??

- How sure are we that the Treasury appropriation being advocated by the NHI Bill is not going to be another wasted appropriation.
- BEFORE we agree to this Bill and another appropriation – we should request a clear, documented coherent and sequenced reform road-map, with time-frames - for implementation of NHI.
- The Bill as it stands is vague about the road-map. All it is clear about is the establishment of a NHI Fund and to propose a single purchaser, single payer system – an untested and highly risky proposition – without the building of a proper foundation.
- Are we not putting the cart before the horse??? And making false promises – playing on the hopes of Universal Coverage.

Our Submission: We are dropping the Ball

- We have been putting out many policies and promulgating many legislations –
- However, although the Taylor Commission and other policies proposed a realistic road-map there is no coherent implementation or sequencing.
- Implementation is patchy, inconsistent and incoherent.
- Some policies are not understood and wrongly implemented – "
  - NHA – District Health authority & decentralization with budgets
  - MSA – Risk Equalization Fund & PMB review
  - We do not understand 'anti-dumping regulation' s29(p) of MSA
  - Hospital revitalization plan and UPFS review not implemented
  - Differentiated amenities for Revenue generation & retention
  - GEMS and Parmed utilizing Public hospital
  - RWOPS – misunderstood and we lost the plot
  - We failed OHSC miserably and are not correcting same
  - All 11 pilots were a waste of funds and achieved nothing
  - No guarantee that proposed 6 years of Transitional period of the Bill will not be same & what is proposed to be done in the next 6 years – is already mandated – and does not need this Bill.

Our Submission

- Our submission is that passing another Bill will not guarantee implementation of NHI – the DoH must first implement mandates and start doing the ground-work.
- NHI cannot be implemented in a vacuum – the current structure has to be reformed and this cannot be done by legislation. It has to be done by implementation of the fundamentals of the agreed upon road-map.
- Without doing the ground-work and building a platform & foundation for the NHI implementation – we are setting ourselves up for another failure.

- Objective of NHI:

To ensure that all citizens receive the appropriate care that they need , at their time of need, irrespective of their financial circumstances

NHI already exists for the 85% of population who use the State service – if the State did its work competently!

There is nothing new being proposed - but some flaws ..

- There is enough legislation and policy directives to implement the objectives of NHI . There is no need for another Bill - without implementation of previous mandates.
- The purpose of the Bill:
  - Preamble - *covered by National Health Act*
  - Set up a fund – *Budget process*
  - Define beneficiaries – *National Health Act*
  - Accreditation of Providers – *Health Professionals Act - flawed*
  - Registration of users – *Home Affairs – flawed*
  - Rights of users - *covered by National Health Act*
  - Health Service Coverage - *covered by National Health Act & Constitution*
- 6 years Transitional phase – *duplication of function and a further appropriation of funds to be wasted - like the 11 Pilot projects and other appropriations.*
- *Govt. must just implement the mandates of reform already agreed upon – before any further Bills & appropriation of funds.*

Our Submission – Specific Concerns:

- NHI Fund will be a Schedule 3A fund (similar to the Ngonyama Trust, Boxing SA or Brand SA) and it will be tasked to fund health services nationally! – Is Parliament serious??
- Is this not another SOE? Even SOEs are listed as Schedule 2A entities - and their track record is known. As a Schedule 3A entity – the oversight will be much less than SOEs.
- Board being appointed by the Minster & not Parliament – despite this being a fund of National interest (The people shall Govern)
- Single funder, Single purchaser system – no phasing in – untested – putting all our eggs in one basket – single fund – very very risky!
- Unification of Provincial systems not yet addressed - and we are now further duplicating functions within the Dept. with this Bill.
- s57 of this Bill itself states that NHI will NOT be implemented in the next 6 years – so why pass this Bill – when all the mandates to implement what is proposed in the next 6 years has already been given to the Dept.
- Is this window dressing before an election? – playing on our desperate desire for NHI.

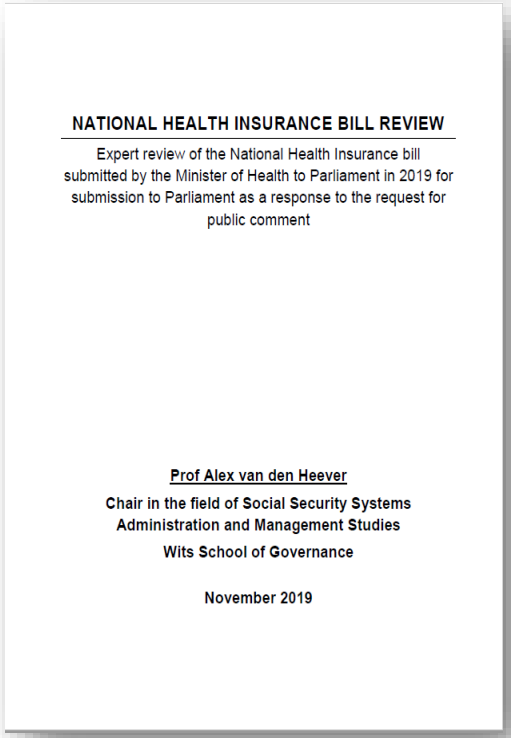
Our Concluding Submission

- Our submission is that passing another Bill will not guarantee implementation of NHI – the DoH must first implement mandates and start doing the ground-work.
- NHI cannot be implemented in a vacuum – the current structure has to be reformed and this cannot be done by legislation. It has to be done by implementation of the fundamentals of the agreed upon road-map.
- Without doing the ground-work and building a platform & foundation for the NHI implementation – we are setting ourselves up for another failure.
- **The Bill is vague and still lacks a documented vision of a coherent sequenced reform road-map, with time-frames for implementation.**

Objective of NHI is 100% supported:

To ensure that all citizens receive the appropriate care that they need , at their time of need, irrespective of their financial circumstances.

NHI already exists for the 85% of population who use the State service – the State must just do its work competently!


NATIONAL HEALTH INSURANCE BILL REVIEW

Expert review of the National Health Insurance bill submitted by the Minister of Health to Parliament in 2019 for submission to Parliament as a response to the request for public comment

Prof Alex van den Heever

Chair in the field of Social Security Systems Administration and Management Studies

Wits School of Governance

November 2019

Review of the National Health Insurance Bill

Presentation to the Health Portfolio Committee

21 July 2021 – Updated October 2023

Prof (adj) Alex van den Heever

Chair in the Field of Social Security Systems Administration and Management Studies

Alex.vandenheever@wits.ac.za

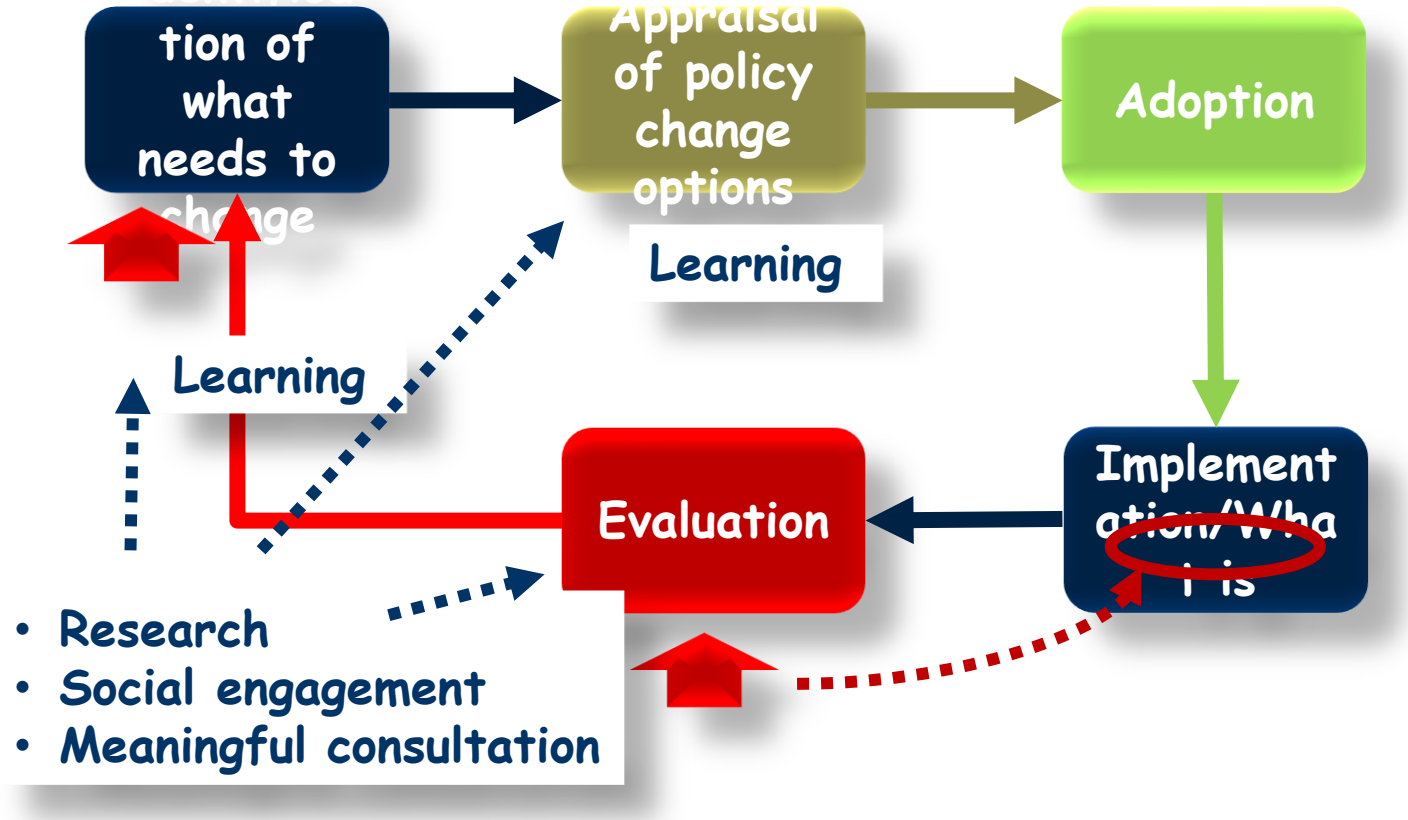
Available at:

https://www.researchgate.net/publication/338717425_NATIONAL_HEALTH_INSURANCE_BILL_REVIEW

WITS SCHOOL OF GOVERNANCE

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

In an open democratic society, how should policy be made?



The more "radical" the proposed policy change, the greater the need for careful *appraisal* and *evaluation*

If Challenged …

- Conflict with Constitutional Mandate where Provinces are given the function to provide healthcare
- Conflict with s27 of Constitution – Right to access to care
- Conflict with s36 of Constitution – Limitation of Rights
- Consultation process is flawed (Market Enquiry / Taylor Commission)
  - Credible information
  - Diagnostic report
  - Canvass option for intervention
  - Propose solutions that consider existing environment
- A narrow top-down "political" process **framed the policy end-point** and sought to pressure role-players and stakeholders to legitimise it and offer technical content to make it feasible (Alex vd Heever)
- Section

Davis Tax Commission (2017)

- "The large degree of uncertainty and lack of common understanding of how the NHI will be implemented and operate is of concern, given the magnitude of the proposed reform." (Davis Tax Commission, 2017, p. 42)
- "Given the considerable size of projected funding shortfalls, substantial increases in VAT or PIT and/or the introduction of a new social security tax would be required to fund the NHI." (Davis Tax Commission, 2017, p. 44)
- **"The magnitudes of the proposed NHI fiscal requirement are so large that they might require trade-offs with other laudable NDP programmes such as expansion of access to post school education or social security reform."** (Davis Tax Commission, 2017, p. 44)
- **"Given the current costing parameters outlined in the White Paper, the proposed NHI, in its current format, is unlikely to be sustainable unless there is sustained economic growth."** (Davis Tax Commission, 2017, p. 44)

General concerns with the proposals

- ***First***, they have not been thought through
- ***Second***, they are lacking in evidence of their public purpose
- ***Third***, they are not based on a coherent rationale
- ***Fourth***, they have not been evaluated for feasibility despite nearly 11 years of apparent work
- ***Fifth***, they pose significant risks to the public and private health systems without any evidence of advantage to the general public
- ***Sixth***, they do not expressly address the actual problems that exist in the health system
- ***Seventh***, they ignore viable and easier to implement reforms that are already identified, and that relate to actual problems in the health system

Get the Balance Right

"To provide *Equitable & Universal* care of the highest possible quality, at the least possible cost"

Prof. Edward Hughes

Speakers' Portfolio Committee Role

- Before passing any new policy or Bills, the NCOP and Provincial legislatures should ask their respective depts to account for the previous mandates given.
- The Legislature should ask for a clear coherent, sequenced implementation plan with time-frames – and not rubber-stamp whatever the dept presents. (ConCourt ruling)
- A true people's legislature will themselves formulate policy – after consultation with the people and then mandate govt and monitor implementation (like the Taylor Committee) – not other way around.
- Before going out to the people, the portfolio committees should study previous mandates and policies – and do this BEFORE proposing further policies.
- When the future of healthcare is at stake – one has to be cautious with incremental implementation, in a phased & monitored manner – avoid untested ideological plans