

# Getting South Africa ready for NHI: critical next steps

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Economic Research Southern Africa (ERSA) Symposium:  
Critical choices regarding universal health coverage  
Stellenbosch Institute for Advanced Study  
6 February 2014

# Universal health coverage (UHC)

- ▶ *'the intolerance of inequity'* (Tim Evans)
- ▶ a health system that provides all citizens with adequate health care at an affordable cost ... and ensures that no household is impoverished because of a need to use health services (i.e. gives financial protection)
- ▶ thus, three dimensions to measure progress:
  - ▶ how many people are covered? (i.e. population)
  - ▶ what services (of adequate quality) are covered? (i.e. service package)
  - ▶ how much financial risk is covered? (i.e. financial protection)
- ▶ Green Paper proposes 'NHI' as the financing policy to support the achievement of UHC (in dynamic interaction with other policies)
- ▶ 'NHI' is not just a very big medical scheme
- ▶ testing and phasing

# Kutzin framework: revenue collection

|                                       | Green Paper  | Key issues and critical next steps  |
|---------------------------------------|--|---|
| Sources of funds                      | <ul style="list-style-type: none"><li>•prepayment</li><li>•mandatory (i.e. no-one can opt out)</li><li>•free at the point of service</li><li>•remove tax rebate for medical scheme cover</li></ul> | <ul style="list-style-type: none"><li>•must be progressive (i.e. predominantly income-related)</li><li>•overall level of funding must increase<br/>⇒explore innovative funding options (and clarify role of informal sector)</li><li>⇒secure commitment to increased funding (ring-fencing?)</li><li>⇒demonstrate efficient use of existing funding</li></ul> |
| Contribution mechanisms and structure | ?  | <ul style="list-style-type: none"><li>•as simple and easy to administer as possible</li></ul>   |
| Type of collecting organisation       | ?  | <ul style="list-style-type: none"><li>•use existing institution (SARS)</li></ul>  |

# Kutzin framework: pooling of funds

|  | Green Paper   | Key issues and critical next steps   |
|--|---|--|
| Coverage and composition of risk pool  | <ul style="list-style-type: none"><li>•single, public NHI fund</li><li>•medical schemes not financing intermediaries</li><li>•entire registered population covered</li></ul>                          | <ul style="list-style-type: none"><li>•critical to have a single risk pool<br/>=&gt;clarify whether constitution requires separation of 'equitable share' funds from 'new' funds</li><li>=&gt;if not, develop mechanisms for harmonised and equitable provincial pools</li><li>=&gt;develop governance systems and incentives for good performance/integrity of NHI Fund</li></ul>                                 |
| Allocation to purchasing organisations | <ul style="list-style-type: none"><li>•national and Provincial DOH retain functions of policy, strategic planning, HR production etc.</li><li>•districts have decentralised NHI Fund office</li></ul> | <ul style="list-style-type: none"><li>•critical to have integrated planning of purchasing and avoid fragmentation<br/>=&gt;explore options for doing this under a quasi-federal system (including levers that promote equity)</li><li>=&gt;develop governance systems with careful attention to interaction between different political/geographic levels</li><li>• allocations must be population-based</li></ul> |

# A single risk pool

- ▶ maximises cross-subsidisation:
  - Rich-poor
  - Healthy-sick
  - Young-old
- ▶ more efficient as simpler to administer and standardise incentives (risk-equalisation mechanisms complex and continually need to adapt)
- ▶ provides strong bargaining power with providers
- ▶ avoids entrenching two-tier system and reduces fragmentation

=> increases equity and sustainability



# Kutzin framework: purchasing 1

|                 | Green Paper   | Key issues and critical next steps  |
|-----------------|---|---|
| Service package | <ul style="list-style-type: none"><li>•comprehensive</li><li>•built on re-engineered PHC</li><li>•everyone entitled to the same NHI benefits (NHI card)</li><li>•extra benefits can be purchased from medical aid</li></ul> | <ul style="list-style-type: none"><li>•cover 100% population</li><li>•strong focus on health promotion and prevention essential<ul style="list-style-type: none"><li>=&gt;protect population-based activities (legislation, taxation, health promotion campaigns e.g. health promotion institute)</li><li>=&gt;strengthen personal activities through re-engineered PHC (including non-communicable diseases)</li><li>=&gt;explore how to incorporate into private provision models</li></ul></li><li>•strong focus on PHC services<ul style="list-style-type: none"><li>=&gt;pursue PHC re-engineering strategy</li><li>=&gt;explore clinical support and supervision of PHC services</li></ul></li><li>•use clinical guidelines and implicit/explicit rationing to control utilisation (rather than specified benefit package)<ul style="list-style-type: none"><li>=&gt;research utilisation, including laying foundation for information system</li></ul></li><li>•top-up insurance must not become too large</li></ul> |

# Kutzin framework: purchasing 2

|                            | Green Paper  | Key issues and critical next steps  |
|----------------------------|--|---|
| <b>Access and referral</b> | <ul style="list-style-type: none"><li>•gate-keeping</li><li>•strong referral systems</li></ul> | <ul style="list-style-type: none"><li>•pursue PHC re-engineering strategy</li><li>•reinvigorate district hospitals and re-incorporate them into the district health system</li></ul> <p>=&gt;overhaul provincial and district office administrative supervision of district hospitals</p> <p>=&gt;develop clinical supervision and support for district hospitals</p> |

# Kutzin framework: purchasing 3

|           | Green Paper   | Key issues and critical next steps   |
|-----------|---|--|
| Providers | <ul style="list-style-type: none"><li>•public and private</li></ul> | <ul style="list-style-type: none"><li>•strengthening public provision is essential:<ul style="list-style-type: none"><li>=&gt;improve management systems</li><li>=&gt;improve staffing levels and incentives (financial and non-financial), especially for rural work</li><li>=&gt;improve the quality of care</li><li>=&gt;strengthen clinic committees and hospital boards</li><li>=&gt;increase HR production, including exploring options for alternative cadres and rural training</li></ul></li><li>•harness private providers at district level:<ul style="list-style-type: none"><li>=&gt;pilot sessional doctors at district hospitals and community health centres (adequate and timely remuneration, extend roles)</li><li>⇒pilot use of private pharmacists, especially for distribution of chronic medication</li><li>⇒explore legal issues around creating comprehensive private PHC services</li><li>⇒level playing fields with respect to costs faced by private primary care providers</li><li>⇒explore regulatory and accreditation requirements</li></ul></li></ul> |



# Kutzin framework: purchasing 4

|                         | Green Paper  | Key issues and critical next steps   |
|-------------------------|--|--|
| Reimbursement mechanism | <ul style="list-style-type: none"><li>• purchaser-provider split with active purchasing</li><li>• PHC: capitation</li><li>• hospitals: global budgets -&gt; DRGs</li></ul> | <ul style="list-style-type: none"><li>• essential to set 'price' at appropriate level<ul style="list-style-type: none"><li>=&gt; initial costing, including laying foundation of information system</li><li>=&gt; understanding interaction between price, volume and quality, as well as level of flexibility required</li><li>=&gt; explore options for independent body</li></ul></li></ul> |

# The policy process

- ▶ sustained and adaptive leadership
  - ▶ formative evaluations
  - ▶ building capacity within government
  - ▶ harnessing social movements
  - ▶ greater transparency and inclusion of (some) stakeholder views
  - ▶ dealing with antagonistic stakeholders
  - ▶ demonstrating some 'quick wins'
  - ▶ ensuring trade-offs do not jeopardise vision
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