Getting South Africa ready for NHI: critical next steps

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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
<table>
<thead>
<tr>
<th></th>
<th>Green Paper</th>
<th>Key issues and critical next steps</th>
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<tbody>
<tr>
<td><strong>Sources of funds</strong></td>
<td>• prepayment</td>
<td>• must be progressive (i.e. predominantly income–related)</td>
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<td>• mandatory (i.e. no–one can opt out)</td>
<td>• overall level of funding must increase</td>
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<td>• free at the point of service</td>
<td>⇒ explore innovative funding options (and clarify role of informal sector)</td>
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<td>• remove tax rebate for medical scheme cover</td>
<td>⇒ secure commitment to increased funding (ring–fencing?)</td>
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<td>⇒ demonstrate efficient use of existing funding</td>
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<td><strong>Contribution mechanisms and structure</strong></td>
<td>?</td>
<td>• as simple and easy to administer as possible</td>
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<td><strong>Type of collecting organisation</strong></td>
<td>?</td>
<td>• use existing institution (SARS)</td>
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<td>Coverage and composition of risk pool</td>
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<td>• single, public NHI fund</td>
<td>• critical to have a single risk pool&lt;br&gt;=&gt; clarify whether constitution requires separation of ‘equitable share’ funds from ‘new’ funds&lt;br&gt;=&gt; if not, develop mechanisms for harmonised and equitable provincial pools&lt;br&gt;=&gt; develop governance systems and incentives for good performance/integrity of NHI Fund</td>
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<td>• medical schemes not financing intermediaries&lt;br&gt;• entire registered population covered</td>
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<td>Allocation to purchasing organisations</td>
<td>• national and Provincial DOH retain functions of policy, strategic planning, HR production etc.&lt;br&gt;• districts have decentralised NHI Fund office</td>
<td>• critical to have integrated planning of purchasing and avoid fragmentation&lt;br&gt;=&gt; explore options for doing this under a quasi–federal system (including levers that promote equity)&lt;br&gt;=&gt; develop governance systems with careful attention to interaction between different political/geographic levels&lt;br&gt;• allocations must be population–based</td>
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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

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<td><strong>Service package</strong></td>
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• comprehensive  
• built on re-engineered PHC  
• everyone entitled to the same NHI benefits (NHI card)  
• extra benefits can be purchased from medical aid  
  |  
• cover 100% population  
• strong focus on health promotion and prevention essential  
  
  \(\Rightarrow\) protect population-based activities (legislation, taxation, health promotion campaigns e.g. health promotion institute)  
  
  \(\Rightarrow\) strengthen personal activities through re-engineered PHC (including non-communicable diseases)  
  
  \(\Rightarrow\) explore how to incorporate into private provision models  
• strong focus on PHC services  
  
  \(\Rightarrow\) pursue PHC re-engineering strategy  
  
  \(\Rightarrow\) explore clinical support and supervision of PHC services  
• use clinical guidelines and implicit/explicit rationing to control utilisation (rather than specified benefit package)  
  
  \(\Rightarrow\) research utilisation, including laying foundation for information system  
• top-up insurance must not become too large |
## Kutzin framework: purchasing 2

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<td><strong>Access and referral</strong></td>
<td>• pursue PHC re-engineering strategy  &lt;br&gt;• reinvigorate district hospitals and re-incorporate them into the district health system  &lt;br&gt;=&gt; overhaul provincial and district office administrative supervision of district hospitals  &lt;br&gt;=&gt; develop clinical supervision and support for district hospitals</td>
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<td>Providers</td>
<td>Green Paper</td>
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<td>•public and private</td>
<td>•strengthening public provision is essential: =&gt;improve management systems  =&gt;improve staffing levels and incentives (financial and non-financial), especially for rural work  =&gt;improve the quality of care  =&gt;strengthen clinic committees and hospital boards  =&gt;increase HR production, including exploring options for alternative cadres and rural training  •harness private providers at district level: =&gt;pilot sessional doctors at district hospitals and community health centres (adequate and timely remuneration, extend roles)  ⇒pilot use of private pharmacists, especially for distribution of chronic medication  ⇒explore legal issues around creating comprehensive private PHC services  ⇒level playing fields with respect to costs faced by private primary care providers  ⇒explore regulatory and accreditation requirements</td>
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## Kutzin framework: purchasing 4

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| **Reimbursement mechanism** | • purchaser-provider split with active purchasing  
• PHC: capitation  
• hospitals: global budgets → DRGs  
• essential to set ‘price’ at appropriate level  
=> initial costing, including laying foundation of information system  
=> understanding interaction between price, volume and quality, as well as level of flexibility required  
=> explore options for independent body |
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