

The National Health Insurance Bill of 2019 [B11-2019]

Presentation to the Portfolio Committee on Health,
By Michael Settas

29 June 2021



Today's Menu!

NHI Policy Process

International Comparisons

Fiscal Implications

NHI Structure



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SEIA Problem Statements

*“The South African Government is committed to the goal of **universal health coverage**. However, to date, progress toward this goal has been limited by the existing health financing system structure”.*

*“The NHI Bill proposes the transformation of the South African health care system to achieve **universal health coverage**”.*

*“The overall aim of the revised NHI Bill is to create a legislative framework for moving South Africa towards **universal health coverage**.”*



SEIA Problem Statements (contd)

*“The South African health system is historically **inequitable**. South Africa spends almost 8.6% of gross domestic product (GDP) on health care - however 4.1% is spent in the public sector serving 84% of the population whilst 4.5% of GDP is spent on private sector serving 16%.”*

*“The current health financing system **punishes the poor**.”*

*“NHI is thus **premised on the principles of social solidarity**.”*



SEIA Problem Statements (contd)

“All these factors [disease burden] place an excessive burden on the public health system that is under-resourced and overburdened.”

“Inequity in health financing and fragmentation are worsened by the health financing system”

“In addition to financial resource misalignment, the [public] health system is characterised as delivering poor quality health care services as a result of mal-distribution of human resources [between public and private].”



Political Statements

“The primary reason for this shortage [of doctors] is that the public health sector budget has not increased in real terms for the past 10 years. This has impacted the number of staff that can be appointed”.

Dr Zweli Mkhize, Minister of Health (Oct 2019)

“This maldistribution of human resources [between private and public] is at the root of the health care crisis.”

Dr Olive Shisana, Chairperson of the MAC on NHI

Summary of Problem Statements

- SA does not have UHC
- Health system is inequitable – needs social solidarity
- Public health sector is under-resourced
 - Financially
 - Human Resources
- Budget has declined in real terms (past 10 years)



Universal Health Coverage

International Labour Organisation
World Social Protection Report of 2017

- **No Coverage Gaps in SA** from:
 - An Inability to Pay,
or
 - A Lack of Access

WHO & World Bank
Service Coverage
Index = 0.67

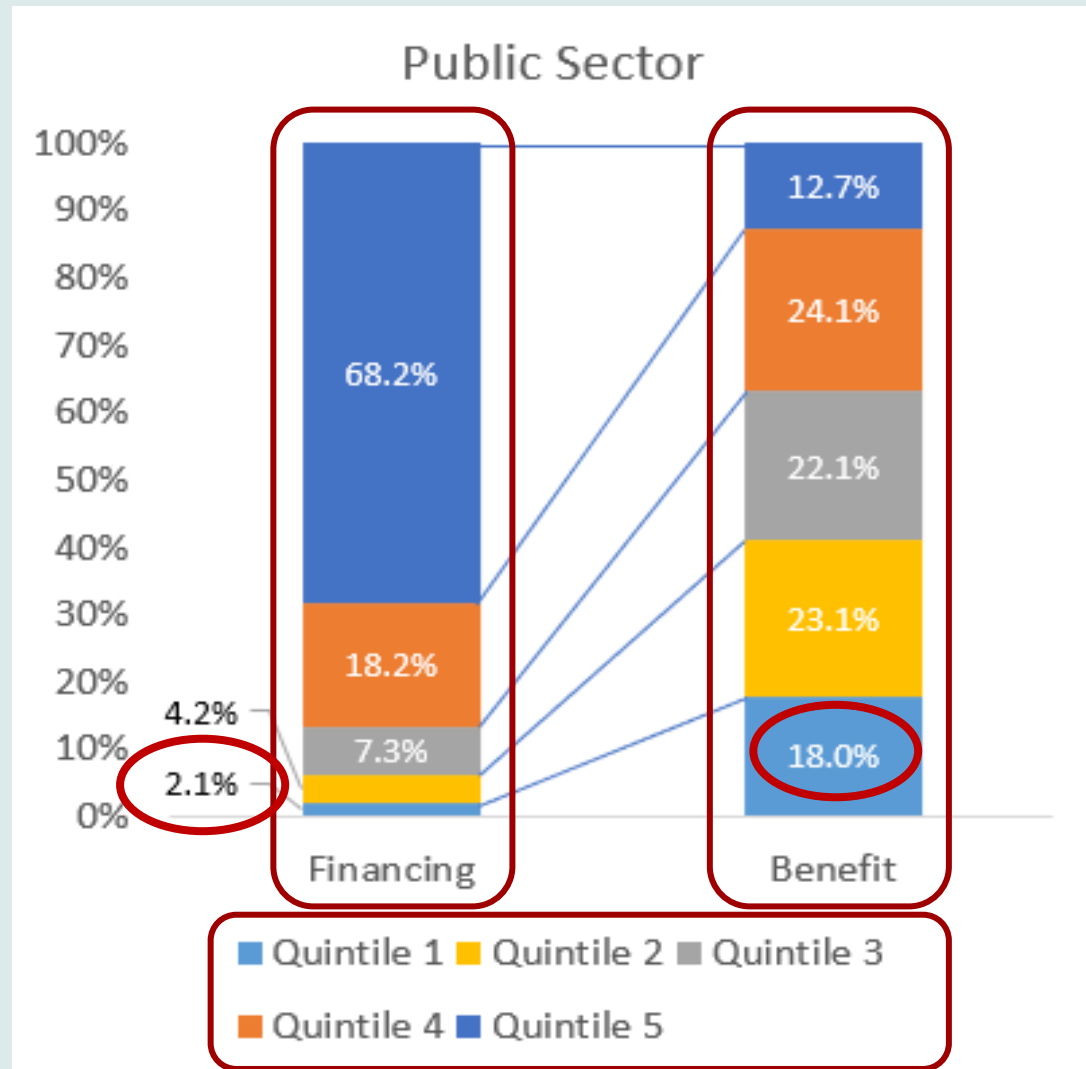
Health Market Inquiry

“South Africa **already provides near-universal access to healthcare** to its citizens through a combination of publicly available services and in regulated private markets”



Equity & Social Solidarity

Quintile 5 - Richest
Contributes = 68.2%
Receives = 12.7%
Net contribution = 55.5%



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Source: Econex
Research Note 45
2017

Provincial Public Expenditure 2010 - 2020

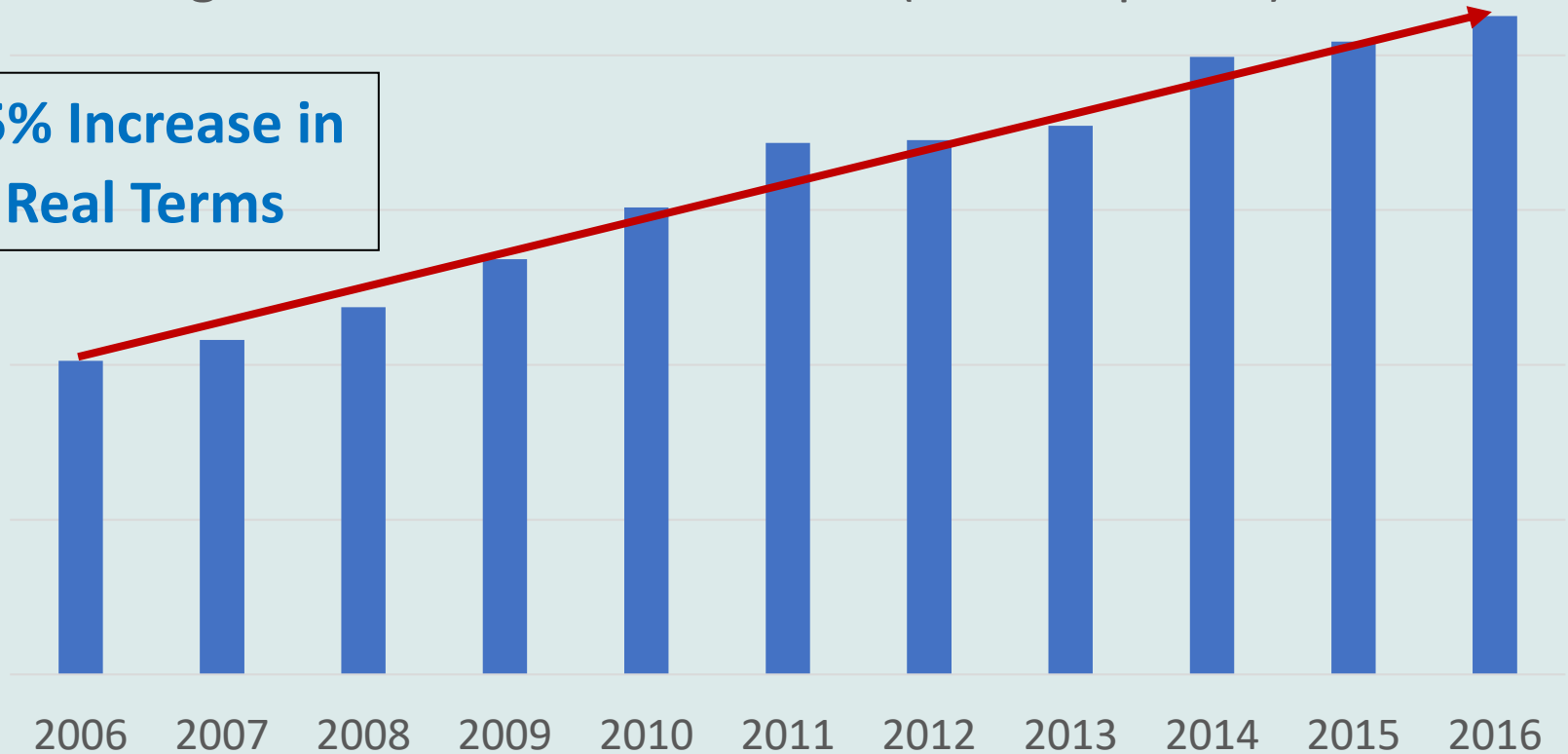
Year	Total Provincial Expenditure Nominal (Rm)	Total Real Expenditure (2009/10 price) (Rm)	Uninsured Population ('000)	Per Capita Expenditure in Real Terms (2009/10 price)
2009/10	91 952	91 952	42 904	R2 143
2010/11	100 759	96 146	43 474	R2 212
2011/12	113 989	103 267	44 151	R2 339
2012/13	125 473	107 705	44 936	R2 397
2013/14	133 581	108 056	45 764	R2 361
2014/15	144 283	111 841	46 614	R2 399
2015/16	158 903	115 798	47 362	R2 445
2016/17	170 171	118 010	48 160	R2 450
2017/18	185 013	122 987	48 863	R2 517
2018/19	202 744	129 701	49 570	R2 617
2019/20	216 791	138 687	50 471	R2 748
Growth in Real Terms (2019/20 vs 2009/10)		50.8%	17.6%	28.2%



Dept of Health – Wage Increases

Average Remuneration - All Posts (in 2016 prices)

**55% Increase in
Real Terms**



Source: National Treasury, FHI360 & KZN DoH, 2017

Public Sector Medical Personnel

The distribution of health resources between the public and private systems as reflected by the National Department of Health human resource strategy in 2011

	Public	Private	Total	Public	Private
Medical practitioners	11 875	7 359	19 234	61.7%	38.3%
Medical specialists	4 444	6 658	11 102	40.0%	60.0%
Nurses	120 157	42 489	162 646	73.9%	26.1%
Allied	34 010	28 745	62 755	54.2%	45.8%
Clinical support	67 861	7 581	75 442	90.0%	10.0%
Total	238 347	92 832	331 178	72.0%	28.0%

Problem Statements vs Reality

- SA does not have UHC – **SA does have UHC**
- Health system is inequitable – **20% fund 68% of Budget**
- Public health sector is under-resourced
 - Financially **28% increase in real per capita budget**
 - Human Resources **42% increase from 2006 to 2016**

**Wages increased by 55% in real terms
(2006 to 2016)**

SEIA – June 2019

- Assumes, without evidence or research, that NHI will yield the promised results.
- Discounts objections by referring to the principles of NHI (eg, a single payer fund will bring about cost reductions).
- There has been no evaluation of alternatives to NHI!

*SEIA requires an evaluation of **alternative proposals**!!*

Only the 2017 SEIA touched on this briefly:

Complete Privatisation, or

Retain the Status Quo

Public Participation

There is no way for the public and affected stakeholders to know any of the following important issues:

- How much the NHI will cost
- What taxes will be raised and by how much to fund NHI

Only 1 developing economy (Cuba) has ever built an equivalent to NHI (i.e. a monopoly single payer system):

- So why is the NHI being pursued if we know Cuba's total health spend = 13% of GDP
- Why are warnings by Treasury and Davis Tax Committee on the lack of affordability of NHI are being ignored

Public Participation

- Alternatives to the NHI
- Why the role of medical schemes is being relegated to complementary (globally unprecedented)
- How the NHI proposal will strengthen public health facilities to a point where they are delivering quality care
 - (Policy assumes that more money will rectify quality)
 - (Previous slides show that more money was available yet quality has deteriorated)

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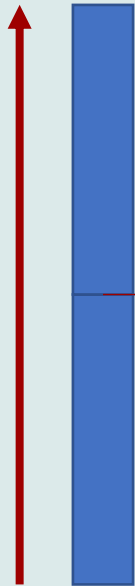
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International Comparisons

Listed All Countries – Per Capita GDP

Per capita GDP
Double SA



Turkey, Romania, Mauritius, Malaysia, Russia, Brazil, Mexico, Cuba, Equatorial Guinea, China, Gabon, Bulgaria, Lebanon, Kazakhstan, Turkmenistan, Botswana, Dominican Republic, Libya, Peru, Thailand, Ecuador, Colombia, Iran, Bosnia/Herzegovina

SA per
capita GDP

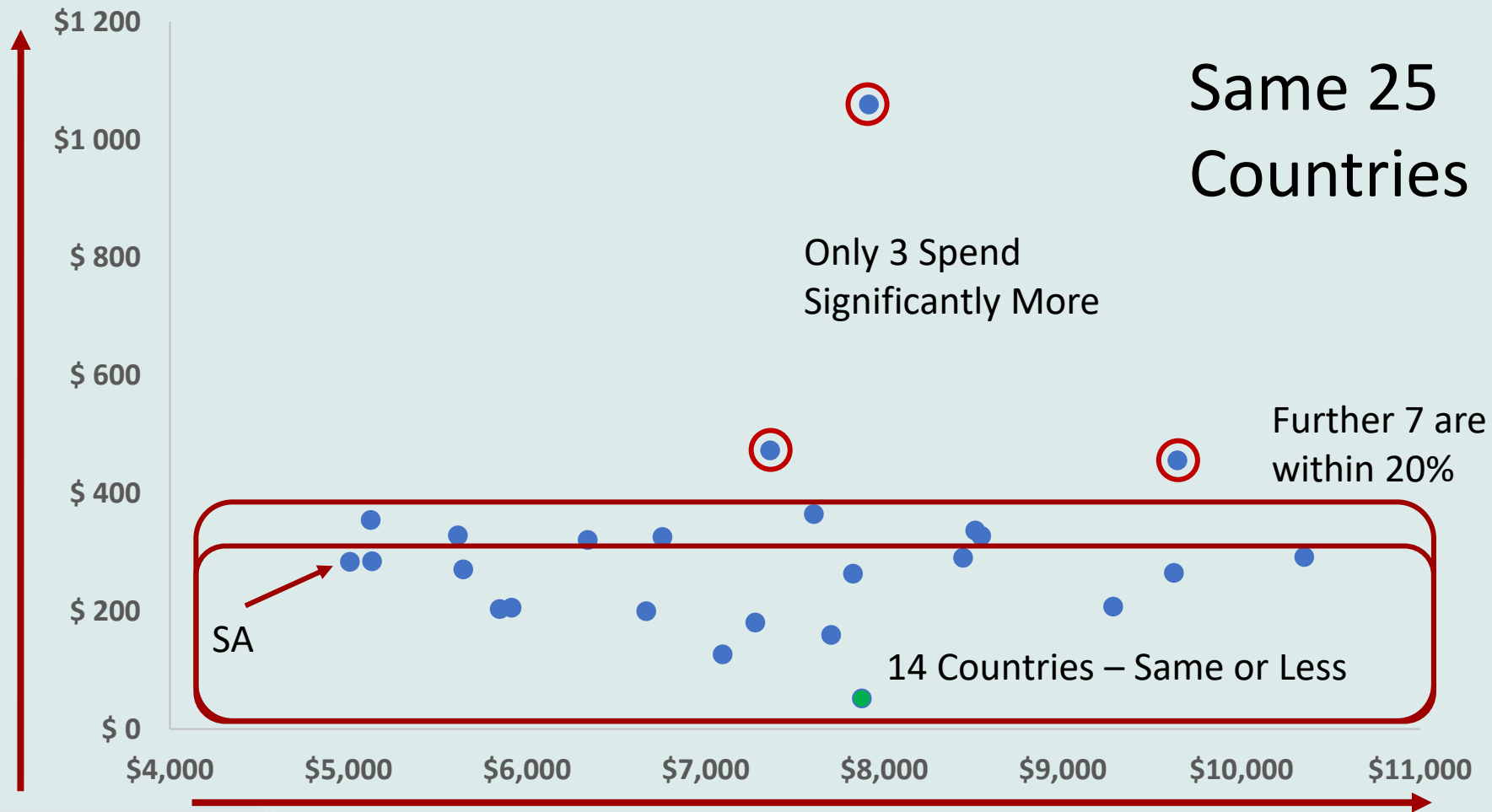


25 Countries



SA

Per Capita GDP vs Public Health Spend (2017 US\$)

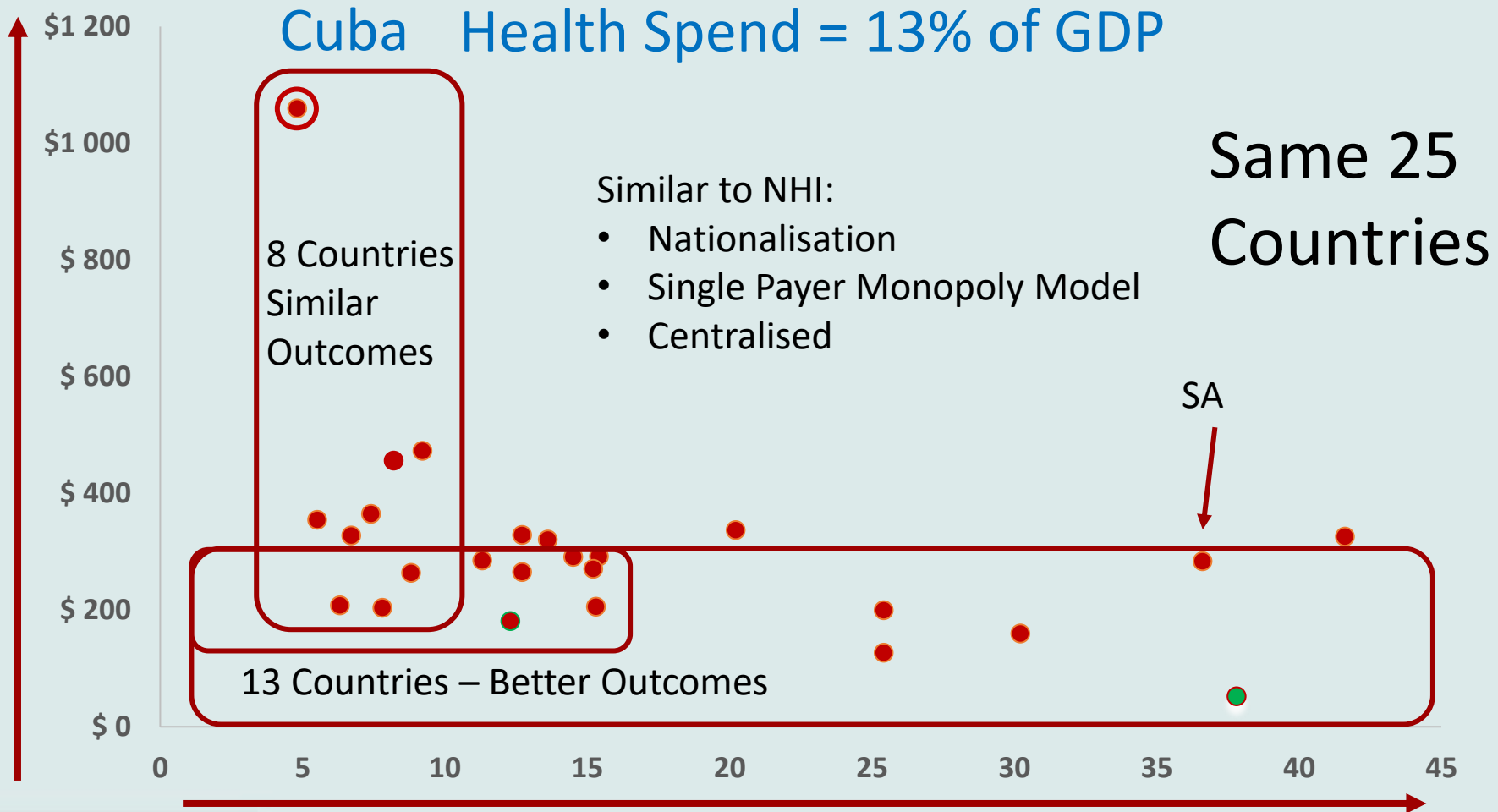


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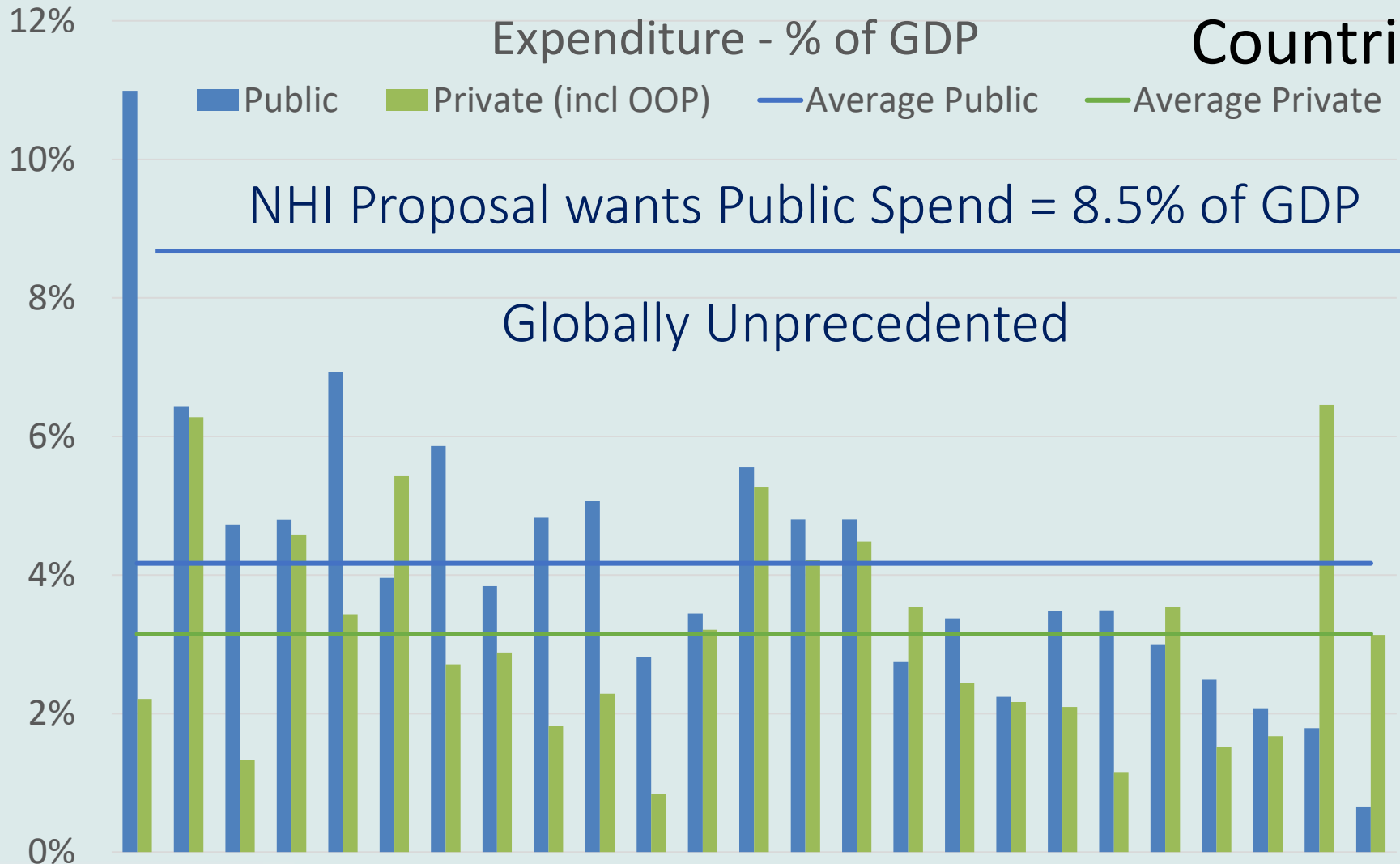
Sources: IMF & IHME

Progress through **freedom**

Public Health Spend vs 5-Year Mortality (2017 US\$)



Same 25 Countries



Sources: IMF & IHME



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Expenditure 2019



- Medical Schemes
- Out-of-Pocket
- Voluntary, Private
- Post-tax Money (89%)



- Tax Funded
- CG & PES



49.5m - R4,505 pppa

Basis of NHI Proposal



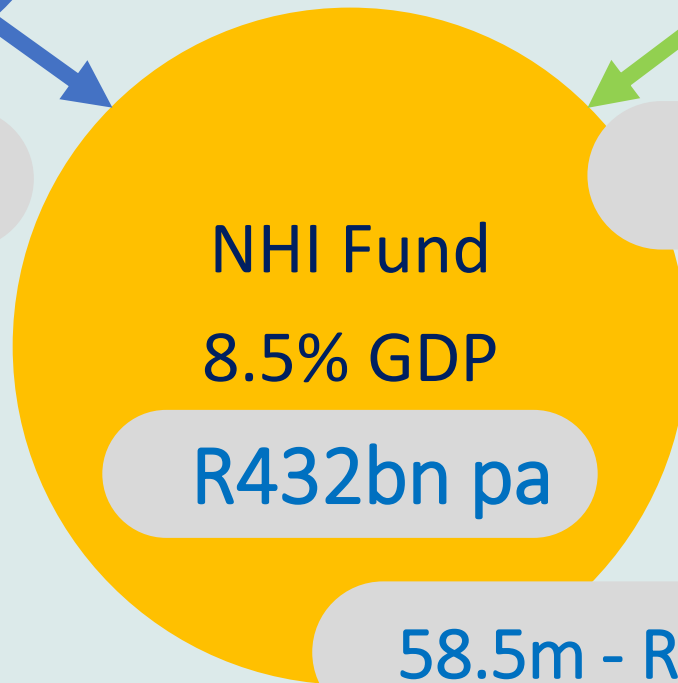
R4,505 pppa

NHI Dedicated Taxes

2.9% GDP
R148bn

Medical Credits R26bn
State Subsidy R35bn

R284bn pa
5.6% GDP



58.5m - R7,385 pppa (+64%)



Basis of NHI Proposal

R4,505 pppa

Private Sector
4.6% GDP
R234bn

Increasing PIT - 32%
±520,000 – 73%
Only 2.5% of TP
Sharp Decline
In Taxpayers

Public Sector
4.4% GDP
R223bn

NHI Devoiced Taxes

~~2.9% GDP
R115bn~~

Medical Credits R26bn
~~State Subsidy R35bn~~

NHI Fund
5.6% GDP
R249bn pa

R249bn pa
4.9% GDP

58,5m - R4,256 pppa (-5.5%)



Medical Malpractice Liability

A Substantial & Growing Problem!

2014/15 = R28bn

2015/16 = R43bn

2016/17 = R60bn

2017/18 = R80bn

2018/19 = R98bn

R105bn

DoH
Budget
R248bn

42%



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Source: National Treasury & AGSA

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Monopoly Single Payer Systems

Country	Total Health	Private Pre-Paid	Out of Pocket	Public Health	Public as % of Total	OOP as % of Total
Britain	\$3,883 <u>GDP = 9.9%</u>	\$178 GDP = 0.5%	\$620 GDP = 1.6%	\$3,085 GDP = 7.9%	<u>79.4%</u>	<u>15.9%</u>
Canada	\$4,919 GDP = 11.2%	\$593 GDP = 1.3%	\$700 GDP = 1.6%	\$3,626 GDP = 8.2%	73.7%	14.2%
Cuba	\$1,123 GDP = 13.2%	\$82 GDP = 1.0%	\$105 GDP = 1.2%	\$939 GDP = 11.0%	83.2%	9.3%
Estonia	\$1,400 GDP = 7.0%	\$24 GDP = 0.1%	\$326 GDP = 1.6%	\$1,050 GDP = 5.2%	75.0%	23.3%
Taiwan	\$1,477 GDP = 5.8%	\$87 GDP = 0.3%	\$457 GDP = 1.8%	\$934 GDP = 3.7%	63.2%	30.9%



FREE MARKET FOUNDATION

Source: UN & IHME

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SA 10.7% 0.6% 1.6% 8.5%

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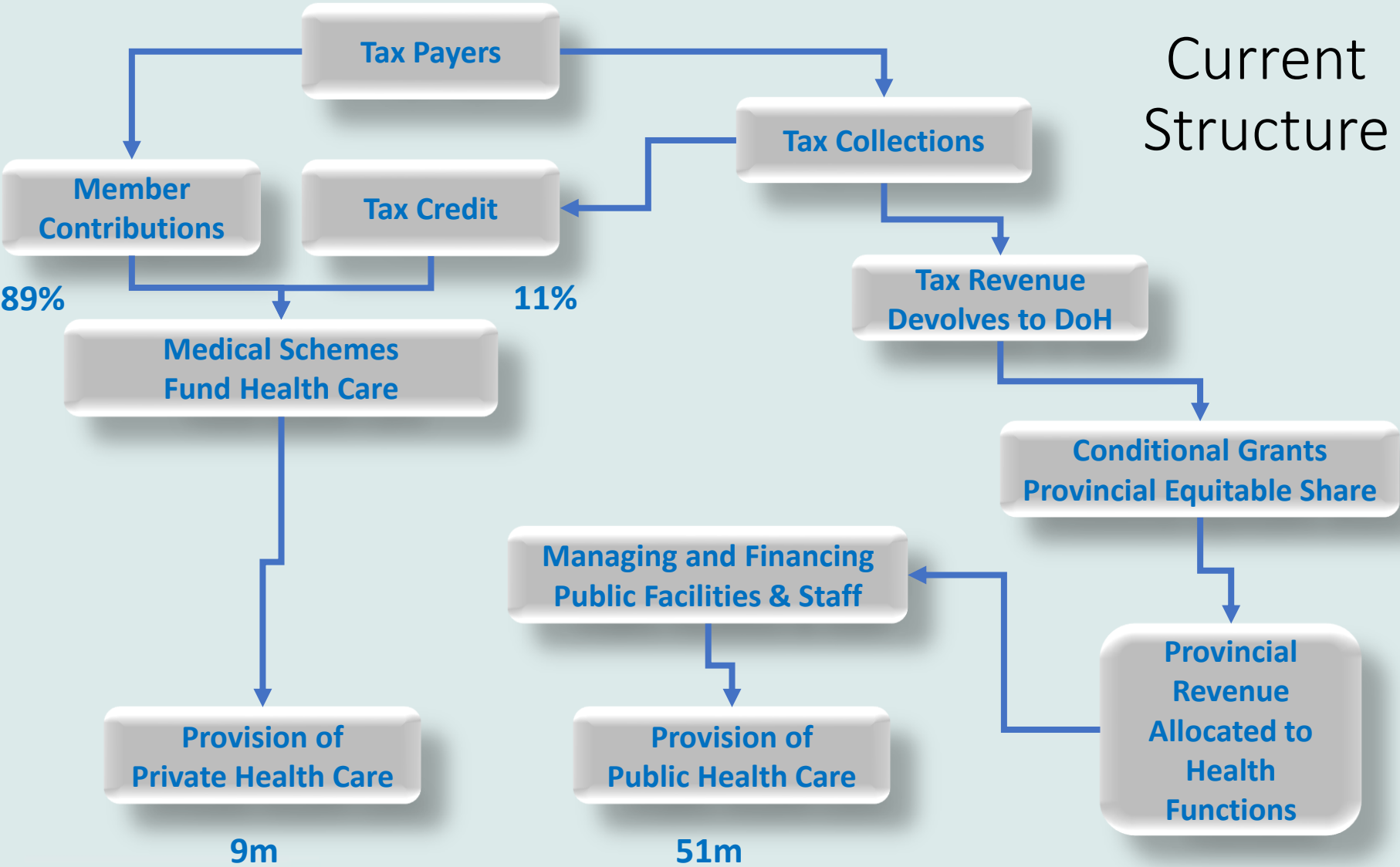
NHI Structure



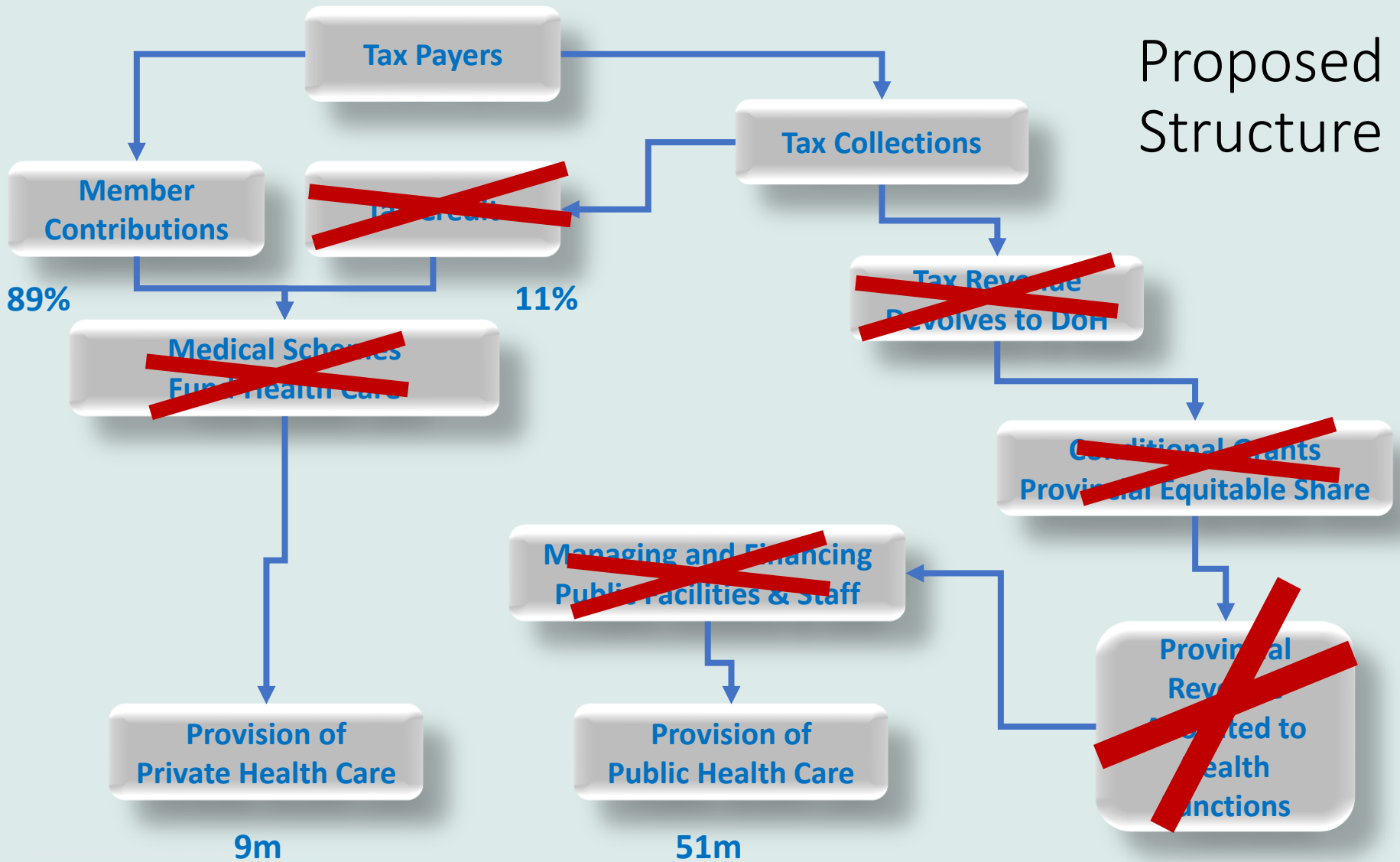
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Current Structure

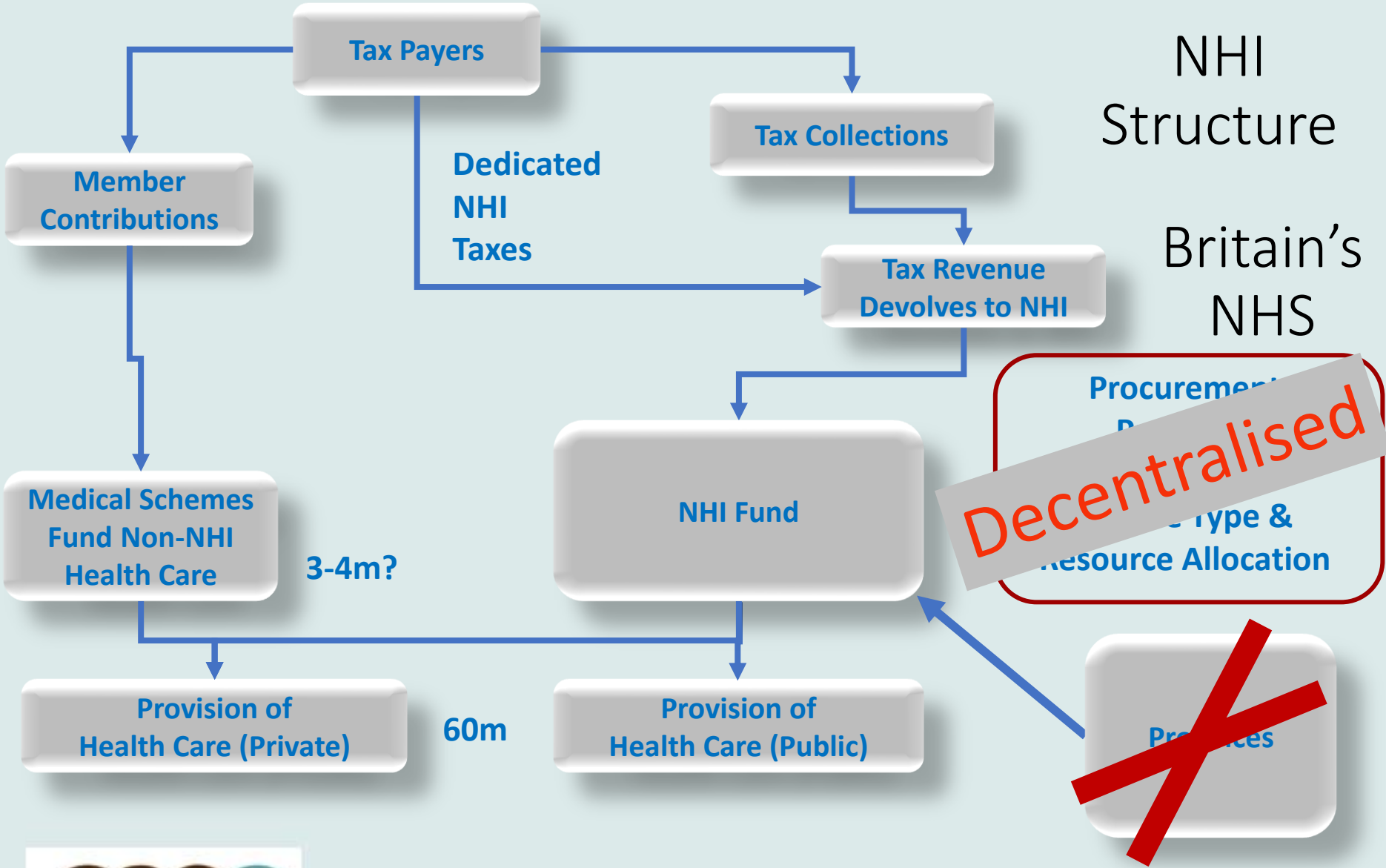


Proposed Structure



NHI Structure

Britain's NHS



3-4m?

60m

Decentralised
Procurement
Service Type &
Resource Allocation

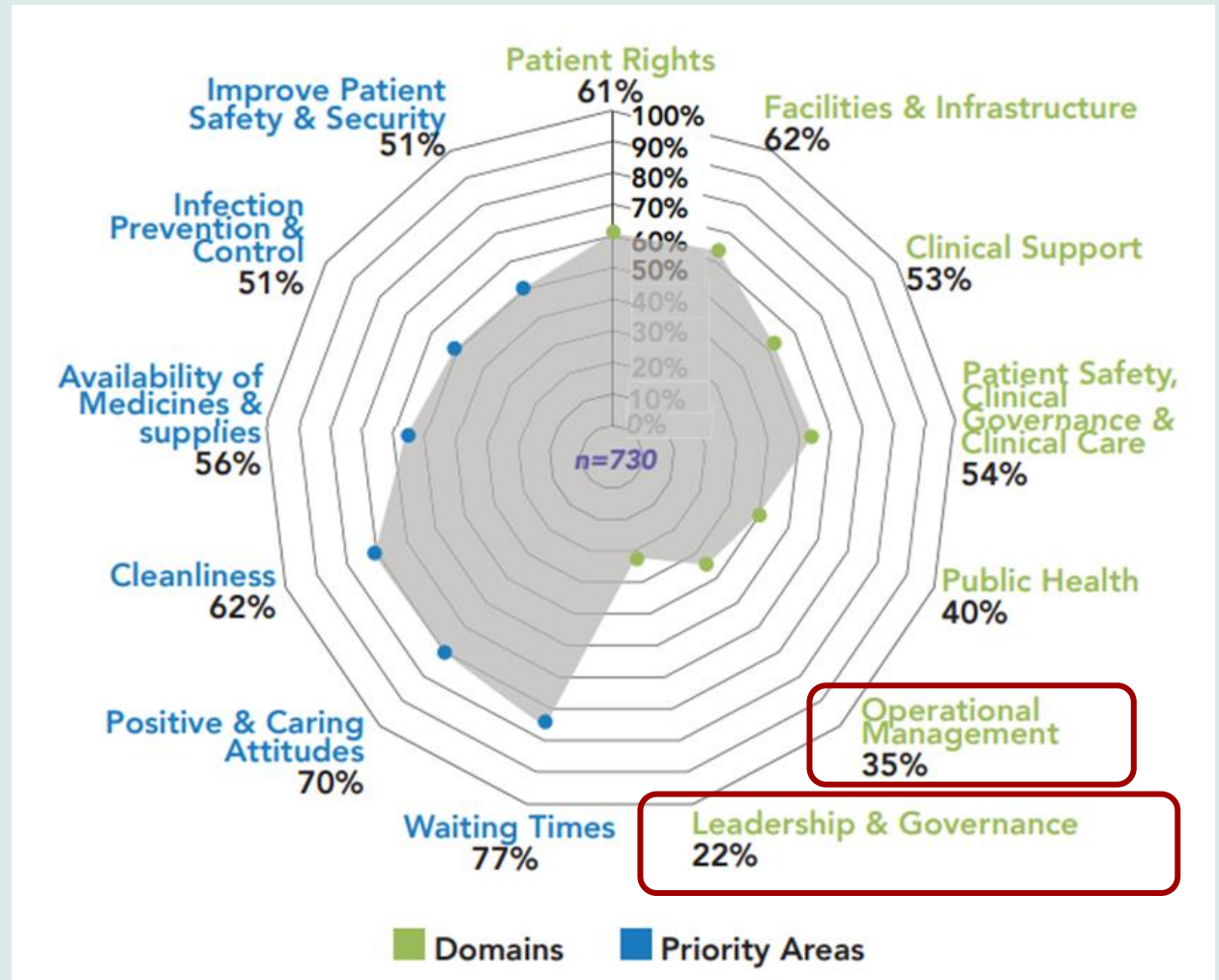


Office Health Standards Compliance

13 Measures of Compliance
December 2019

Leadership & Governance
Lowest Score – 22%

Operational Management
Second Lowest Score – 35%

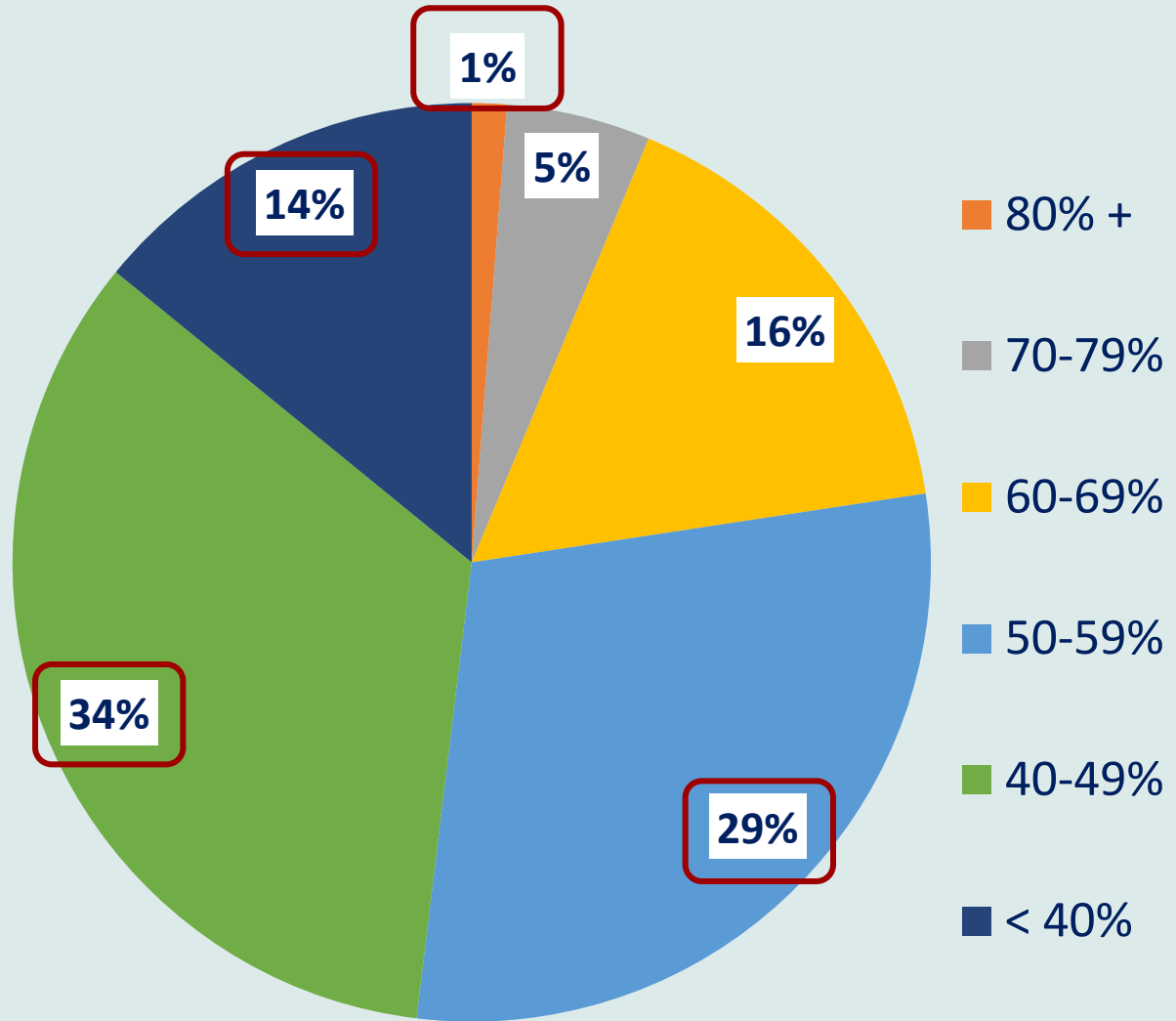


Office Health Standards Compliance

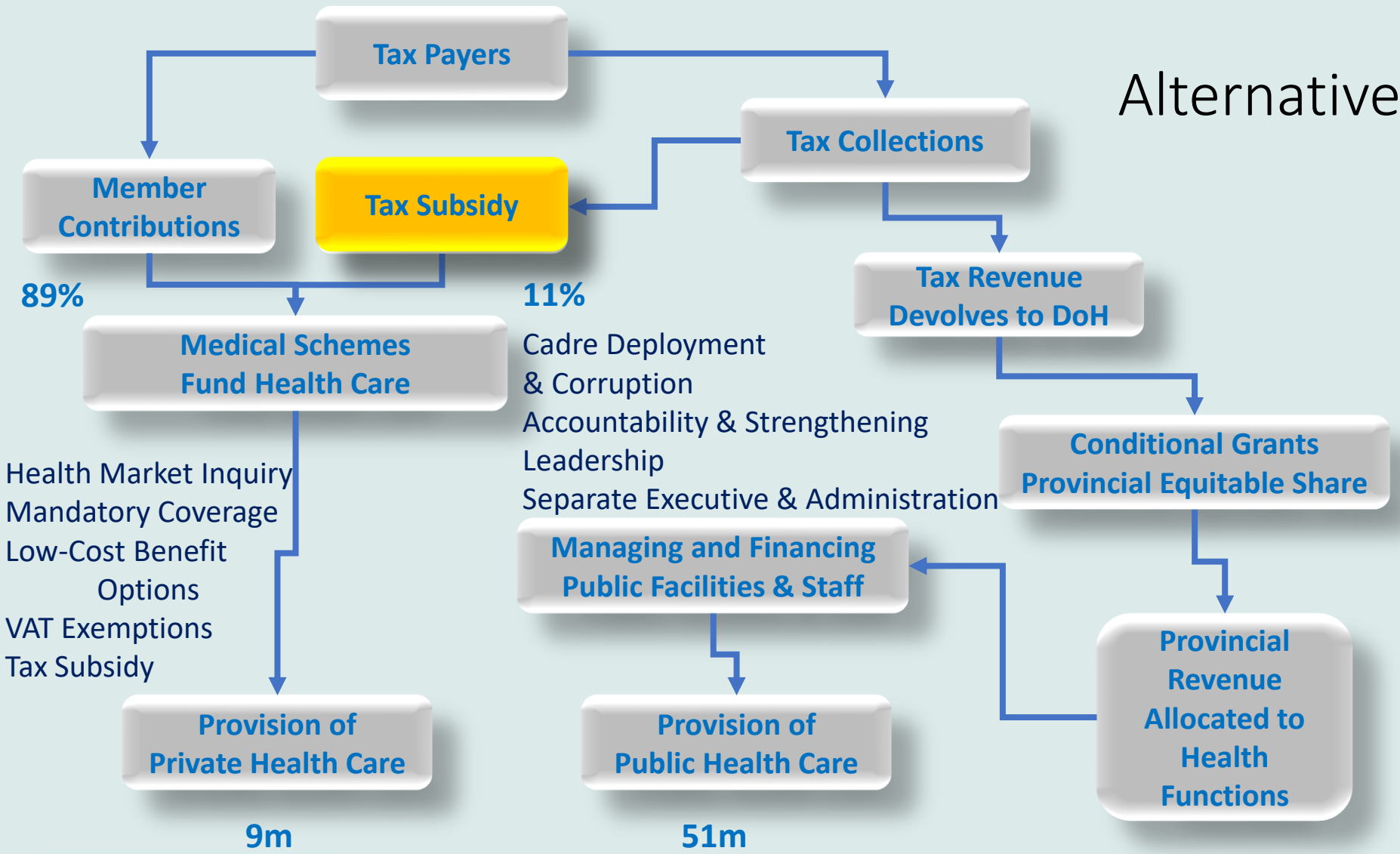
NHI Accreditation
Requires 80% +

Only 1% Meet the
NHI Standard:
2018/19
2017/18
2016/17

77% are Non-
Compliant



Alternative



15m **45m**
Budget Improvement at No Cost



Thank You
For Listening!



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