



Western Cape
Government

FOR YOU

Comments on the NHI Bill, 2019

Dept of Health

January 2022

Outline

1. Introduction
2. Policy concerns regarding the Bill
3. Our proposed approach to UHC/NHI
4. Conclusion



Introduction

Introduction

- South Africa as a country and Western Cape as a province have both strongly endorsed the United Nations and the global movement towards UHC
- Universal Health Coverage (UHC) must advance health equity by removing the barriers to accessing quality and effective health care without exposure to financial hardship
- The strategic intent of the Bill to achieve UHC is supported
- There are specific concerns on the architecture, distribution of roles and responsibilities and financial flows that need to be addressed
- The comments that follow are intended to be constructive, to strengthen the Bill and to promote a collaborative effort between government, provinces and civil society, to achieve UHC
- The province has submitted very detailed general and specific comments on the Bill and this presentation covers only a subset of high-level comments owing to time constraints

The NHI Bill – What does it do?

Addresses Serious Challenges

In the private sector, the access and unsustainable cost escalations are underpinned by severe market concentration and fee for service incentives.

In the public sector, the access and quality challenges are underpinned by funding shortfalls, lack of good leadership / management, governance systems.

Takes actions focused on improving health outcomes

- It establishes the NHI Fund and its governance structures
- It outlines the committees through which the NHI Fund will carry out its functions
- It provides an overview of management offices through which the NHI Fund will procure health services
- It partially refers to the role of the provinces and the National Department of Health (NDOH)



Policy concerns regarding the Bill

Comments of the NHI Bill: Key Points

*The Province has provided extensive input on the NHI Bill, including **83** pages of comments.*

The detail will be in the submission, but for the purpose of the presentation, we will focus on following key points;

- Fragmentation of Care
- The Role of Provinces
- Financial Flows
- Strategic Purchasing
- Office of Health Products Procurement
- Governance of the NHI Fund
- Social Determinants of Health



Fragmentation of Care (1)

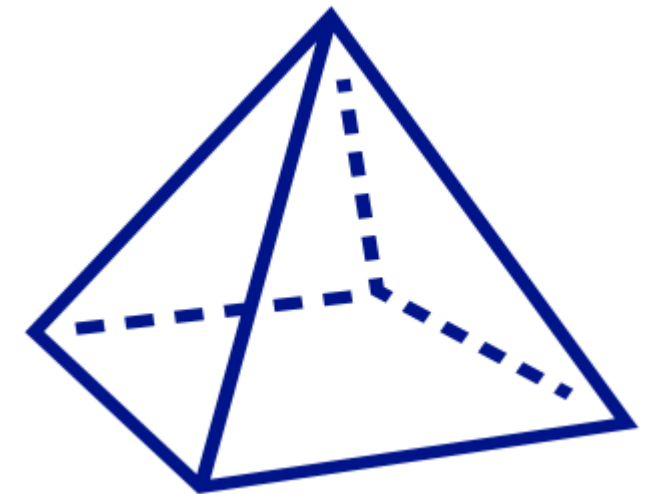
Concern :

The proposals in the Bill will fragment the health service and system :

- Creation of District Health management offices and contracting units for Primary care as national government components will fragment the health service.
- The NHIF directly contracting with regional and large hospitals
- Central Hospitals becoming a national competence as mentioned previously

Proposal :

- NHI Fund works with provinces to develop a **single cohesive, aligned system, with clearly defined roles and lines of accountability** for performance, aligned to the principles of UHC.



Fragmentation (2) - Central Hospitals



Concern :

- **The management of Central Hospitals (CH) becomes a national competence**
- CH also provide about **44% of the secondary, general specialist services in the metro.**
- There is **significant outreach by specialists from central hospitals** across the platform
- This will **fragment both the service delivery platform, training platform and the governance arrangements in the province.**
- Do not believe that changing the governance arrangement of central hospitals is necessary to achieve the policy objective of the Bill - **the rationale for this policy change is unclear.**
- **Track record** of this province shows these central hospitals are well performing institutions.

Proposal :

- **Central hospitals continue to function under the governance of the provincial departments of health.**

The Role of Provinces (1)

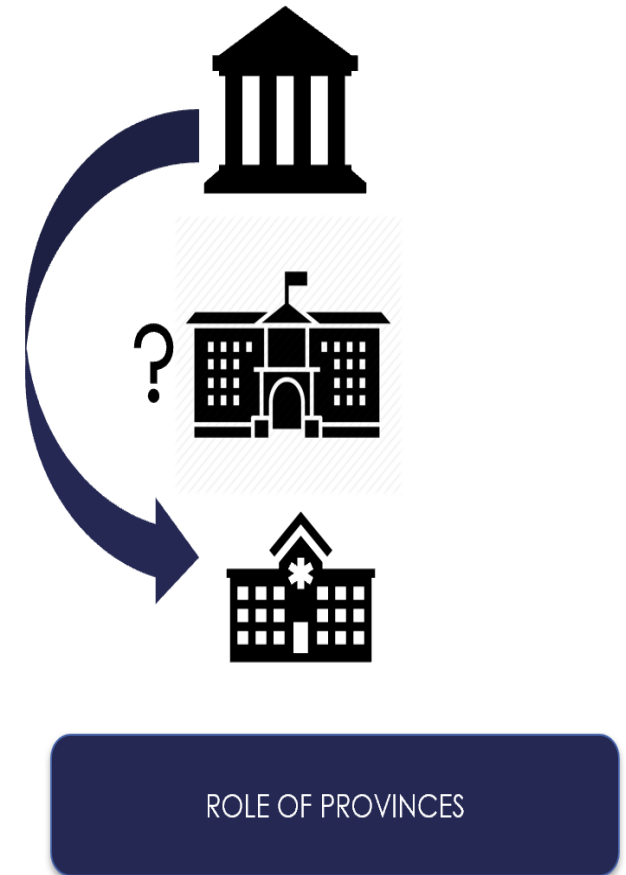
CONCERN :

Under the NHI Bill, the role of the provinces will be limited to:

- Emergency medical services, forensic pathology services.
- Environmental and pollution control services (municipal functions!)
- Health and medical services during provincial disasters.
- Maintain infrastructure

This is a **significant reduction in the scope of work and powers of the province** from the Constitution, 1977 Health Act which was assigned to provinces, the current NHA and the PFMA.

The Bill refers to the provinces as **management agents** of the NHI Fund, but the delegations and responsibilities of the provinces are unclear.



The Role of Provinces (2)

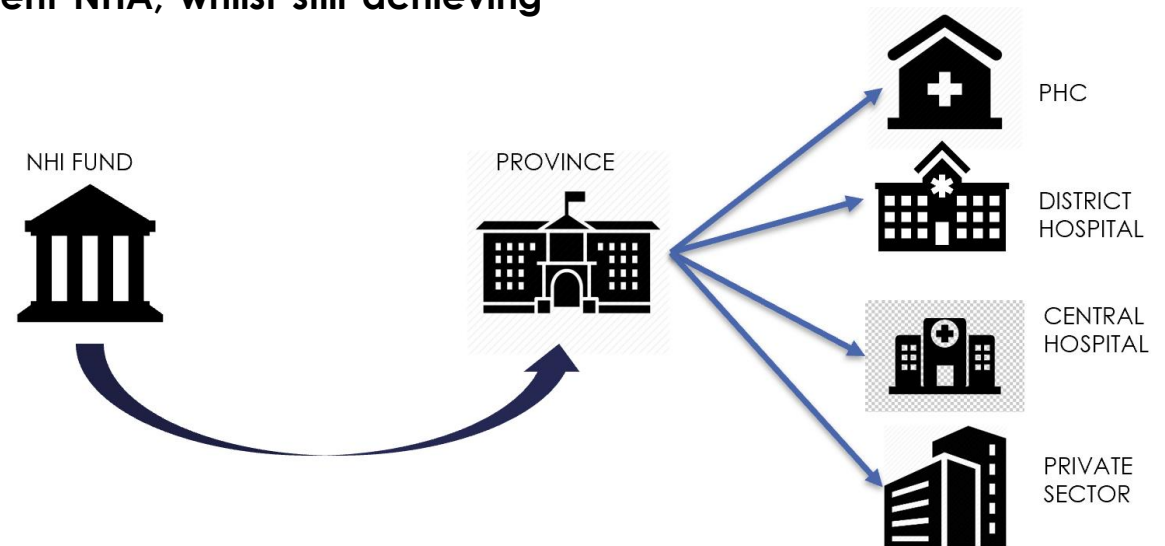
Proposal :

UHC, can be achieved through a strong, **collaborative partnership** between the NHI Fund, the National Department of Health and provinces.

provinces are accorded a clear role where they have the capacity and a track record of good performance - to become the NHI Fund's contracting unit and responsible for overall coordination and accountability for health system performance .

Funds should flow through the provinces, who will develop and manage contracts with a mix of public and private providers.

The NDOH and the provinces should be co-stewards of a trusted health system with clear lines of accountability aligned with the PFMA and the current NHA, whilst still achieving the strategic intent of the NHI Bill



Financial Flows

Concern :

- Re-allocation of conditional grants and re-direction of equitable share via the NHIF.
- Public sector health budgets have been reduced in real terms over several years and services are in a fragile state.

Proposal :

- Current funding arrangements i.e. equitable share of provinces and conditional grants should remain in place.
- The NHIF should use tax subsidies from the private sector as a top up fund in the initial stages of the process.
- The public sector that serves more than 80% of the population should be protected and strengthened.



Strategic Purchasing

Concern

The Bill proposes NHI Fund to be a single strategic purchaser

The dangers of vesting the total **strategic purchasing** power in one entity are as follows:

- Poor performance will have a multiplied effect across the country
- Failure to conclude contracts timeously will lead to national stock outs
- The NHI Fund may struggle to find sufficient suitably qualified and skilled staff to carry out its functions
- The large financial exchanges will make the NHI Fund a target for corruption

Access, Equity and Efficiency

Our view is that the **strategic purchaser** function is critical to achieve universal access to quality healthcare services.

Negotiating prices, using economies of scale for commodities procurement as well as the setting of tariffs to be paid to the providers of services will be an important function of the NHI Fund.

Determining what services are to be reimbursed by the NHI Fund and the actual purchasing of services to meet the people's needs and expectations must be decentralised to local regional settings.

It is therefore our recommendation that the provinces should also play a **strategic purchaser** role.



Office of Health Products Procurement

Concern

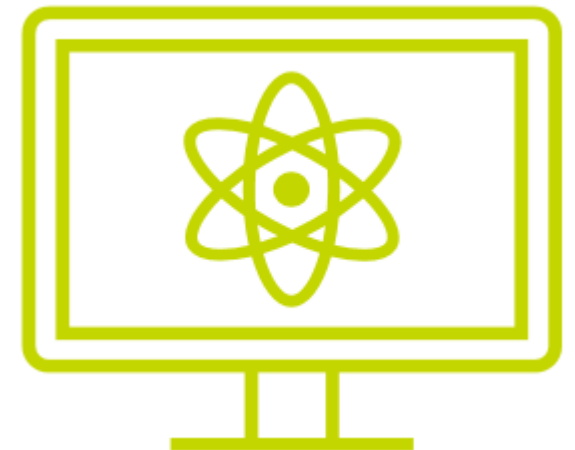
Section 38(2) of the Bill deals with the establishment of an Office of Health Products Procurement to be located within the NHI Fund.

Healthcare is incredibly complicated and the ability to manage health-related procurement at a national level requires significant administrative capability.

The challenges to manage pharmaceutical contracts and its ripple effect across the country, raises concerns about the ability of the Fund to manage the proposed national procurement system and the wisdom to centralise all procurement.

Proposal

We propose that this issue is carefully considered and that once the Bill is enacted, sufficient and appropriate staff, systems and processes are put in place before attempting a centralised procurement process.



GOVERNANCE OF THE NHI FUND

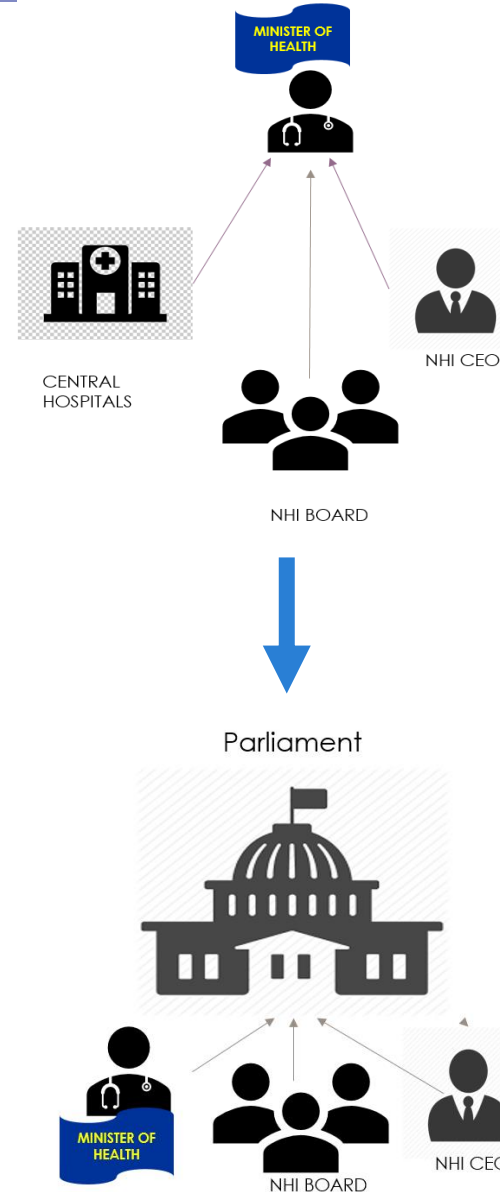
Concern :

Considerable authority and power vested in the Minister of Health :

- Appoint or dismiss all NHI Board members,
- Recommend the appointment of the NHI Fund CEO and dismissal of the CEO.
- add a discretionary list of services to the NHI formulary.

Proposal :

- appropriate **checks and balances** be applied to the governance of the Board, appointment of Board members and the CEO including parliamentary oversight



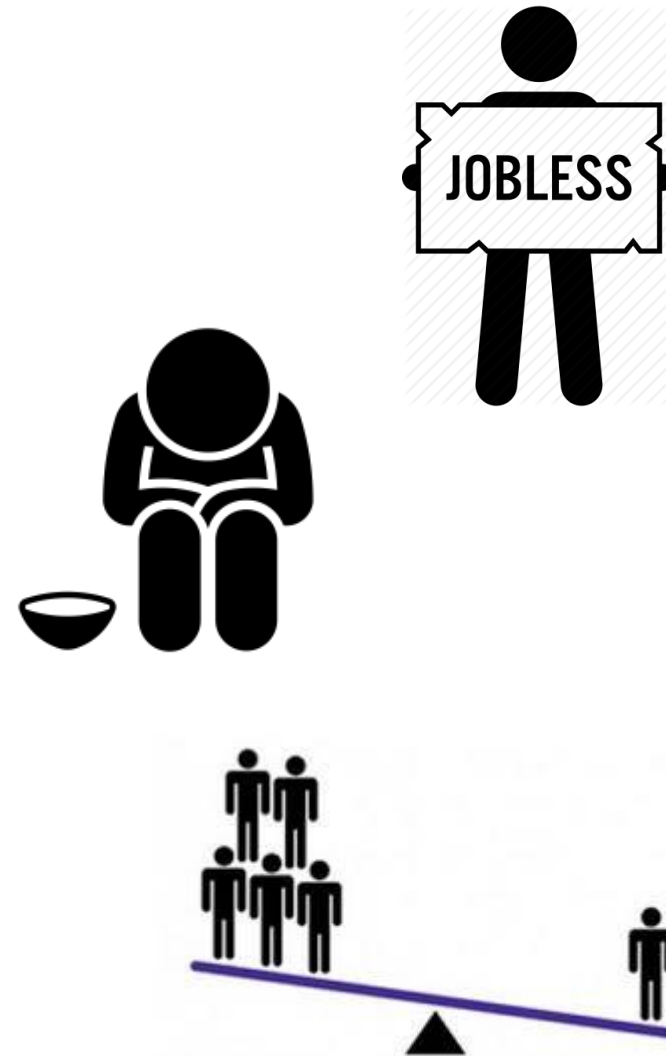
ADDRESSING THE SOCIAL DETERMINANTS OF HEALTH

Concern :

- The health services sector is the receiver of health problems caused by **social and commercial determinants** such as poverty, unemployment, and social deprivation.
- The Bill does not mention addressing the social determinants, but focuses only on direct service delivery.

Proposal :

- If we are to meaningfully address the burden of disease, the social determinants of health need to be addressed. This should be made explicit.
- Health at **both national, provincial levels have an important advocacy and stewardship role to play** in this regard.



Our proposed approach to UHC & NHI

Approach to UHC and NHI

1. Health is an important Economic investment with an ROI of 6x fold.
2. The current dysfunctionality of the public health service and the unaffordability of the private health service is unsustainable.
3. The fragility of the situation including the budget cuts in the public sector are close to a tipping point.
4. The stakes are high and requires us to move beyond the political divide.
5. The situation therefore requires more than tinkering at the margins – it requires a transformative solution of doing business differently in fundamental ways. It also requires more than a financing mechanism like the NHI, it requires a more robust, holistic health system strengthening approach to finding solutions.
6. The Current debate on the NHI provides an opportunity to find transformative solutions.

Suggested Principles for our approach (1)

- a) The **pooling of resources** from the private and public sector with a **shared goal** of improving population health outcomes.
- b) Lets engage in a **spirit of cooperative governance and collaboration** and avoid the narrative of polarisation (public vs private ; national vs province etc) that escalates fears.
- c) The NHI Bill will be up for review and we **use this opportunity** to re-establish mechanisms for robust engagement and joint problem solving as a social compact and address all of the concerns raised regarding the Bill.
- d) **Health System reform world wide** is a complex, ongoing process that is both technical and political. Global experience shows we have to **customise lessons from elsewhere, carefully titrate health system design choices to our local context, conditions and capacity for change.** calibrated to our own strengths and weaknesses and in keeping with our state of development. In this regard, we need to be mindful of the differing capacities and track record of health system performance between provinces and the the need for **further customisation between provinces.**

Suggested Principles for our approach (2)

e) We need to have a **holistic health systems approach** that spans :

- service redesign,
- governance redesign,
- public policy

Based on a culture of connectedness and collaboration (internally and externally), towards building UHC and achieving optimal health outcomes.

f) The **affordability and financial flows** within the NHI framework must be pronounced upon by National Treasury.

g) Create **opportunities to learn from below** and the WC is prepared to be laboratory for testing innovative service models which can further inform policy development in our context.

g) Strengthen our **collaboration with other provinces** to share and learn from each other.

Conclusion

Concluding Remarks

The WCG would like to thank the committee for the opportunity to provide comments on the NHI Bill.

The NHI Bill is an attempt to bring a solution to the ailing health system in the country.

There are elements that make a lot of sense, but there are also concerns that needs to be addressed.

Learning from our responsiveness, adaptivity and innovation during the pandemic, as well as research and development, will strengthen and build a resilient health system of the whole country.

We are willing to become a laboratory for testing out aspects of UHC within the province.

We are committed to working with the NDOH to address the challenges identified and collaboratively find workable solutions. We have the collective expertise to do this.



Thank you