TO THE PORTFOLIO COMMITTEE ON HEALTH - NHI BILL

July 2021

THE PRESENTATION TEAM

1. Lizelle van der Merwe
   (Chief Executive Officer FIA)
2. Greg Setzkorn
   (Director of FIA & Chair Health Exco)
3. Butši Tladi
   (Director of FIA & ex chair of Health Exco)
4. Andre Jacobs
   (Member of Health Exco)

WHO IS THE FIA?

Lizelle van der Merwe

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WHO IS THE FIA?

- The Financial Intermediaries Association of Southern Africa is a trade association that **represents financial services providers that are classified as intermediaries** in terms of the law.
- An intermediary business (known as an insurance broker or financial advisor), **provides financial advice and product fulfilment** to consumers.
- The FIA represents more than **50% of the Healthcare insurance brokers** in the insurance market.

1 800

Financial Service Providers

45 000

People

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WHY THE FIA EXISTS

- The FIA provides a highly governed **platform for member businesses to share ideas** and develop new ways to retain and improve consumer access to financial services.
- Our mission is to ensure that all consumers, no matter their financial position, have **EQUAL access to independent, financial advice**.
- An intermediary must comply with strict competence requirements that are prescribed by law. These requirements include a formal **qualification, regulatory exams, product training and continuous professional development** to ensure consumers are protected.
- The **majority of our member companies are SMME's**, we also have large to corporate sized member companies.

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WHY IS THIS IMPORTANT FOR CONSUMERS

- **Insurance products can be very complex**, this includes healthcare products, a broker can help consumers understand the product terms and conditions.
- **They educate the consumer** on what products are suitable for their needs based on affordability (they are **advising NOT selling** you a product).
- They provide the insurers with the required information to ensure the risk is adequately underwritten (**full disclosure**). This is critical because when a claim happens, any non-disclosure could affect the viability of a claim.
- Brokers can also **help consumers** choose financial products to **assist them in reaching their financial goals**.
- The role of the broker is to guide, protect and educate consumers so they can make informed decisions based on their personal needs and financial budget. **Everyone is affected by economic drivers**.

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FIA ENGAGEMENT WITH PCOH ON NHI BILL

1. Polokwane
2. Gqeberha
3. eThekwini
4. Soshanguve
5. Mogale City
6. Soweto
7. Germiston

THE FIA’S FOCUS

Greg Setzkorn

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OUR FOCUS

- The National Health Insurance ('NHI') Bill in South Africa has **provoked vigorous debate**.
- We commonly refer to the health crisis in South Africa as two-fold; namely a public system that renders **poor quality** of healthcare and a private sector that is **becoming unaffordable**.
- This **oversimplification of the healthcare crisis** in South Africa forces commentators either to criticise or defend the proposals at all cost.
- What is often misunderstood is the **devastating impact that ill health has** on every person, family, community and the economy.

OUR FOCUS

- In arresting this crisis every stakeholder in the healthcare value chain should be guided by their sense of humanity, and their sense of UBUNTU should drive them to ask **what will a South Africa look like where every citizen is healthy** and where citizens spend more years being healthy than their peers in other countries.

- Only when our **focus changes** from protecting the existing position or dogmatically supporting a proposed solution, to **real care for the health of our nation** will sustainable solutions unfold.

- Only when business cares about the **health of the whole population**, and puts this caring into action, will economic growth become a reality. This thinking informs this submission of the FIA.

DESIRED HEALTH CARE SYSTEM

Strong primary healthcare – ward based system

- PHC
- Preventative care a key component
- Ward-based community health workers – Job creation

Competition & Choice

- Avoid polarising Pvt & Pub system
- Develop strong quality Pub system to compete for Pvt members

Workplace programmes

- Support employer workplace health improvement initiatives.
- Brokers fulfil an important role to educate employees

DESIRED HEALTH CARE SYSTEM (2)

Living standards and aspects impacting health

- Focus on non-behavioural elements responsible for 80% of healthcare cost.
- NDoH cannot and should not be the only responsible entity for health.

Organisation of Healthcare

- Biggest lesson from Covid-19 was that healthcare systems globally were ill prepared for the disease.
- Re-organising of the healthcare system is required. That means moving from human intensity curative system to a technologically enabled preventative system.

DESIRED HEALTH CARE SYSTEM (3)

Governance

- Align to King IV
- Decentralisation involving Government, Organised Labour, Business and Civil Society

Consumer protection

- Utilise ADR avenues similar to the Medical Schemes Act (Section 47 – 50)

CRITICAL ELEMENTS DETERMINING UHC ATTAINMENT

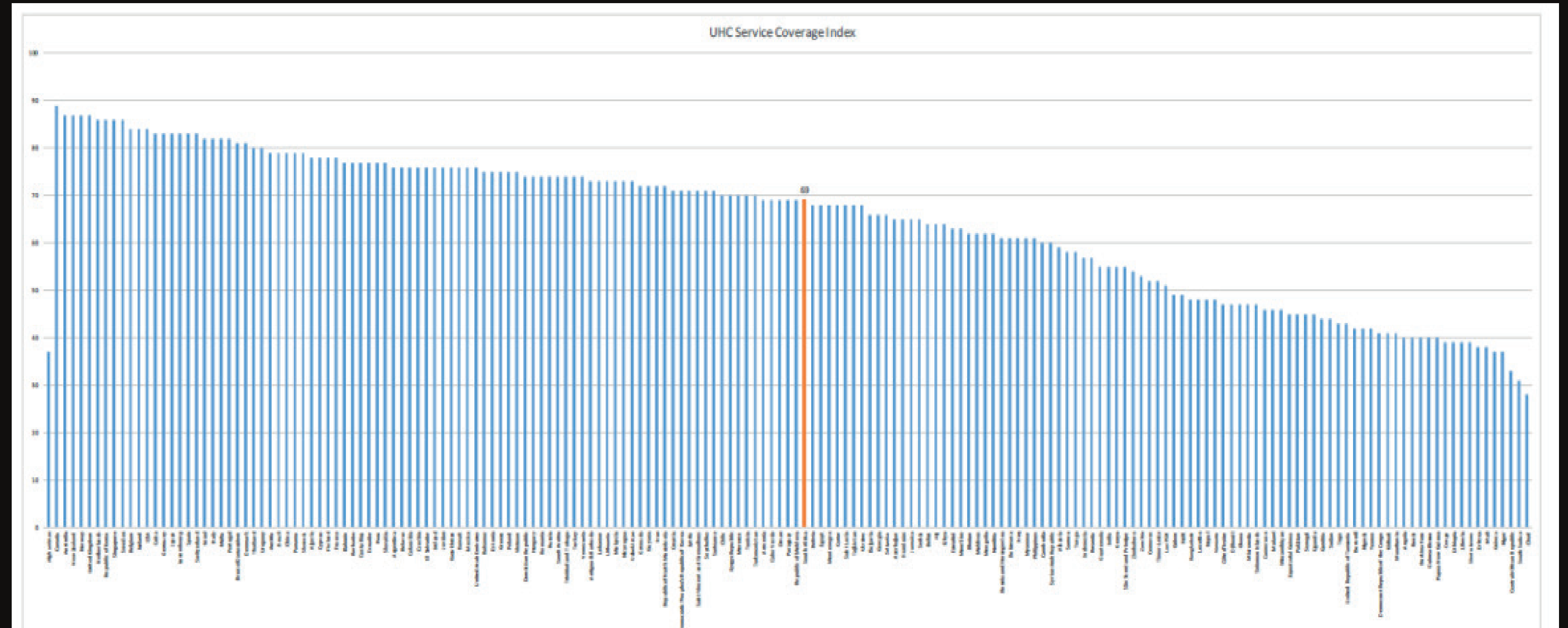
Butši Tladi

CRITICAL ELEMENTS DETERMINING UHC ATTAINMENT

	ELEMENT	DESCRIPTION
1	Equity in access to health services	• Those who need the services should get them, not only those who can pay for them • The public sector in South Africa rates very high on equity, and grants nominal access regardless of ability to pay. • The private sector provides access to care to those who can afford to nearly half of total health expenditure is in the private sector.
2	Quality of health services	• WHO defines this as encompassing the full range of essential services, including the capacity for promotions encouraging healthy lifestyles, prevention of disease, treatment of disease, rehabilitation following illness and palliative care when needed. • Safe, effective, people-centred and timely
3	Financial risk protection	• Ensuring that the cost of using care does not put people at risk of financial hardship • Access to all needed quality health services without financial hardship • Household's out-of-pocket (OOP) payments should be relatively affordable • Out-of-pocket payments should not push households below or further below the poverty line

INDEXED SCORE FOR UNIVERSAL HEALTHCARE

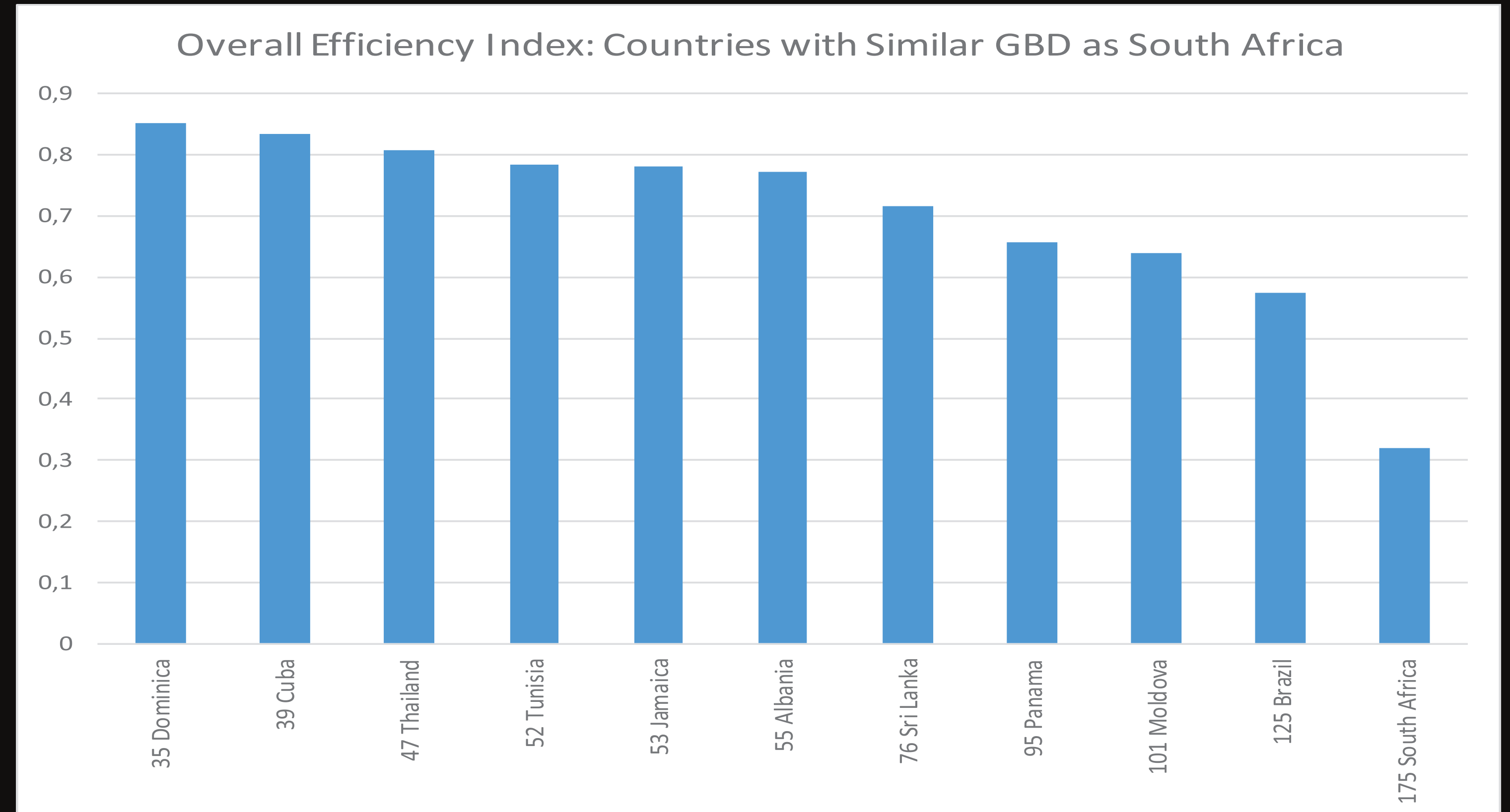
South Africa has achieved a relatively high indexed score for Universal Healthcare. According to the 2019 Universal Health Coverage Report of the WHO, **South Africa was ranked 86 out of 183 countries** in terms of the Universal Health Coverage Index as depicted in the graph.



SOURCE: 2019 Universal Health Coverage Report, WHO

OUR HEALTCARE SYSTEM IS IN A CRISIS

- More money **won’t fix** the issues
- Healthy population **stimulates economic growth**
- **Preventative care** must be implemented



SOURCE: Measuring Overall Health System Performance for 191 Countries GPE Discussion Paper Series # 30 EIP/GPE/EQC World Health Organisation

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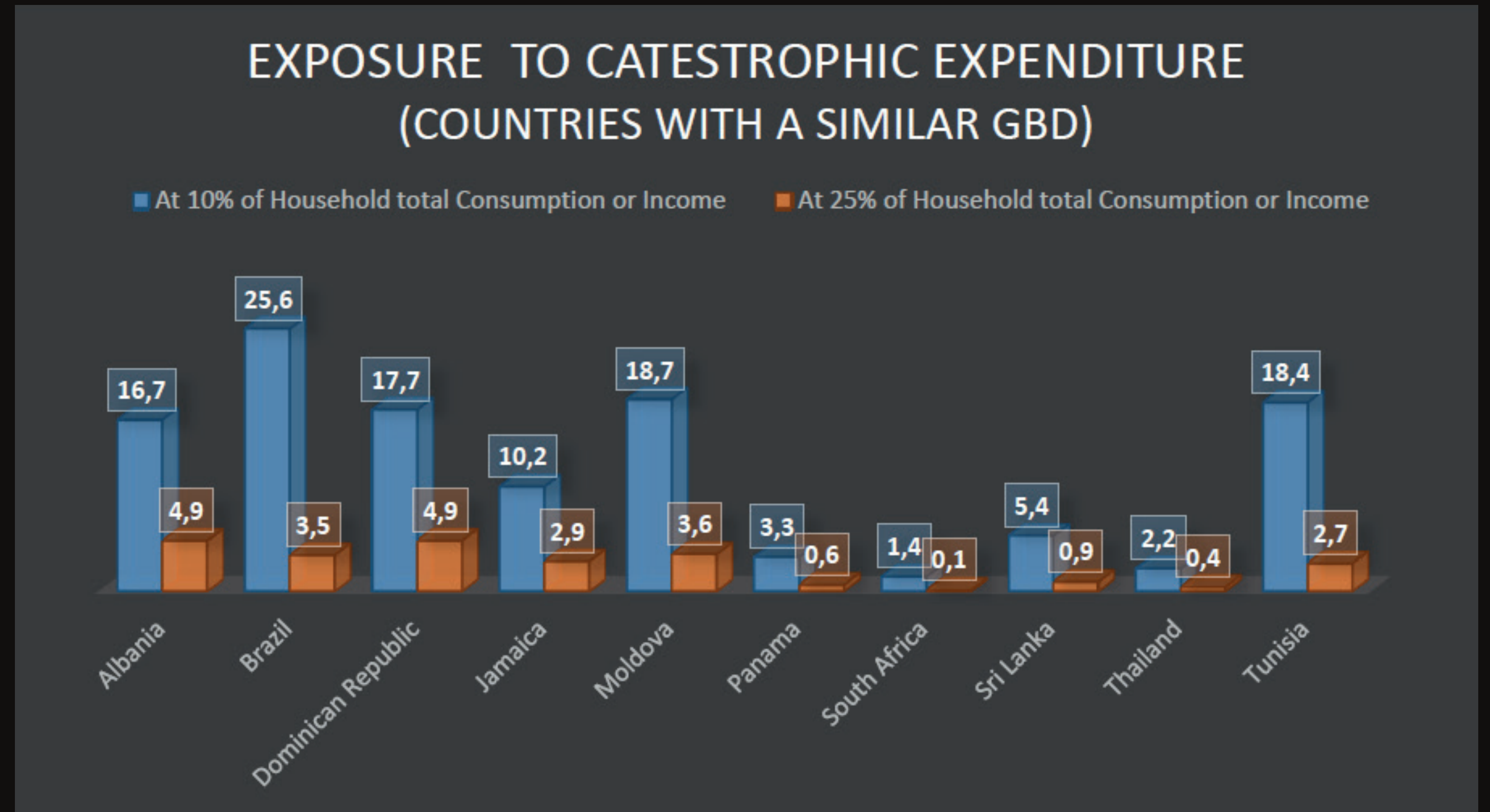
MONEY IS NOT THE ONLY ISSUE

Where South Africa performs very poorly against countries with a similar burden of disease in terms of the **efficiency of our health system**, we perform exceptionally well in terms of financial risk protection as depicted in the graph.



SOURCE: 2019 Universal Health Coverage Report, WHO

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CHINA EXPERIENCE

- China launched a **series of health reforms which accelerated NHI coverage** for its 1.3 billion citizens following call by WHO to member states in 2005.
- Through strong **governmental interventions and subsidies**, a very high population coverage (96%) has been achieved.
- However, the benefits and structure were such that **it did not provide the desired healthcare equity**, **financial-risk protection** and there **was ineffective supervision and administration** of funds.
- The lesson that can be learned from China is that **the way in which NHI** or a transformed healthcare system **is implemented is of higher importance** than the fact that it is implemented.
- Implementation of a transformed healthcare system **does not automatically result in real access to quality care** and improved health outcomes .
- There is consensus that although NHI was successfully implemented, **UHC was not achieved**.

CRITICAL ELEMENTS DETERMINING UHC ATTAINMENT

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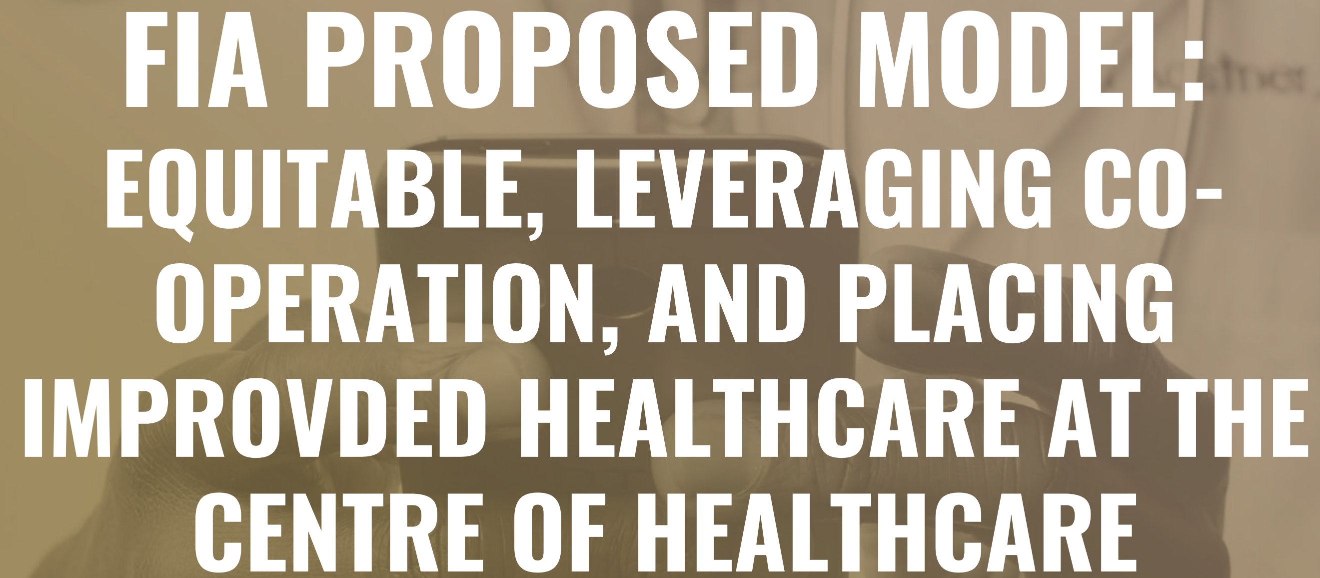
	ELEMENT	DESCRIPTION	PUBLIC	PRIVATE
1	Equity in access to health services	• Those who need the services should get them, not only those who can pay for them • The public sector in South Africa rates very high on equity, and grants nominal access regardless of ability to pay. • The private sector provides access to care to those who can afford to nearly half of total health expenditure is in the private sector.	✓	✗
2	Quality of health services	• WHO defines this as encompassing the full range of essential services, including the capacity for promotions encouraging healthy lifestyles, prevention of disease, treatment of disease, rehabilitation following illness and palliative care when needed. • Safe, effective, people-centred and timely	✗	✓
3	Financial risk protection	• Ensuring that the cost of using care does not put people at risk of financial hardship • Access to all needed quality health services without financial hardship • Household's out-of-pocket (OOP) payments should be relatively affordable • Out-of-pocket payments should not push households below or further below the poverty line	✓	✓



FIA PROPOSED MODEL:
EQUITABLE, LEVERAGING CO-OPERATION, AND PLACING IMPROVDED HEALTHCARE AT THE CENTRE OF HEALTHCARE

Andre Jacobs

PREVIOUSLY ADOPTED POLICIES TOWARDS ACHIEVING UHC NOT IMPLEMENTED

Health White paper 1997

- Role of preventative care

Taylor commission 2002

- Decentralisation
- Mandatory membership
- Retention of private funding system
- Risk Equalisation Fund (REF) structure

Medical scheme reforms 2008

- REF
- Minimum Benefit Package

PREVIOUSLY ADOPTED POLICIES TOWARDS ACHIEVING UHC NOT IMPLEMENTED (2)

NDP	LIMS	HMI
• Strengthening districts • Focus on prevention and not curative • Ward based community health teams • Incentivise employers to reduce BoD	• Different class of medical scheme • Differentiated REF structure • Reducing cost • Acknowledge that role of the broker must be supported	• REF & Mandatory membership • Proper regulation via NDoH • Improve supply side constraints

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REALITIES TO CONSIDER

- Narrative that providers and facilities are **skewed towards private sector is incorrect** and serves no value.
- Private Healthcare also includes RAF, Rand Mutual and Mine hospitals to name a few. The **16% narrative that uses 80% of the cost is incorrect** and serves no purpose.
- Medical schemes also cover children, pensioners and unemployed spouses. **Private medical schemes support social solidarity principles**.
- **Unemployed do have access to universal cover**. Application of means test problematic.
- Private healthcare is a **national asset**.

EXPECTED SET OF OBJECTIVES

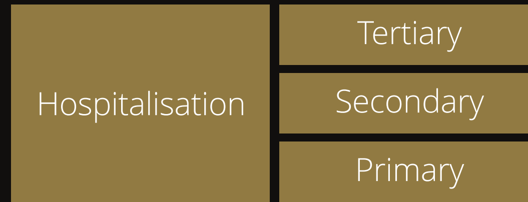
- All citizens must **have access to a minimum level of health protection**. Ability to pay must not be a barrier.
- All health services must provide **quality of care**.
- All health services must **be efficient** and where applicable at a **reasonable and sustainable cost**.
- **Access** to healthcare must be **fair**.
- Supply of healthcare must be aligned to **reasonable expectations**.
- **Co-existence and competition** between public and private health system should be supported. (Lessons from the 1980's)

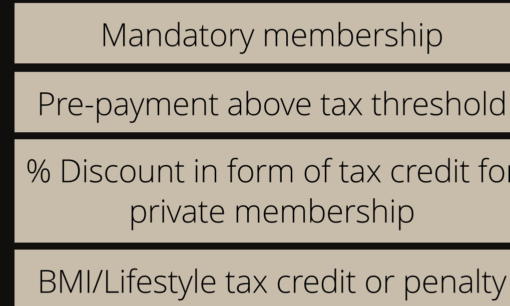
FIA PROPOSED HEALTHCARE SYSTEM

PUBLIC SECTOR

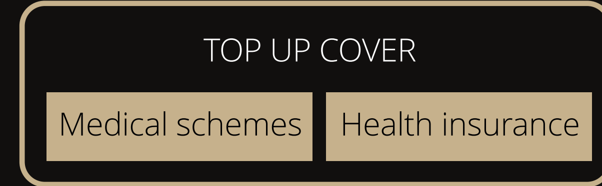
Funded from general taxes but apply a means test for certain privileged categories

Funded from general taxes

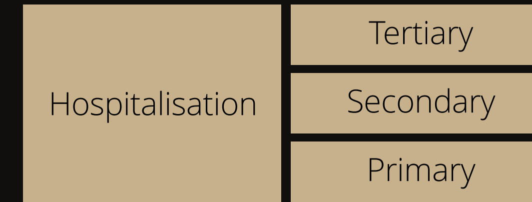


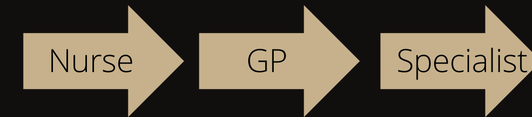


PRIVATE SECTOR



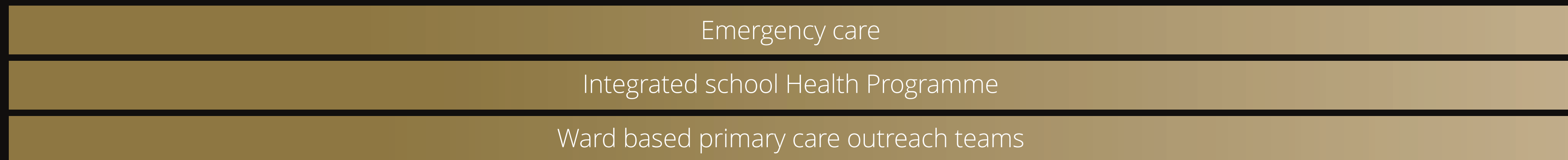
Privately funded no tax credit





Funded from medical scheme contributions

Risk Equalisation Fund



Excluded by medical schemes & funded from general taxes

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DISCUSSION PARTICIPANTS

- Lizelle van der Merwe
  (Chief Executive Officer FIA)
- Samantha Williams
  (Head Legal and Regulatory Affairs FIA)
- Greg Setzkorn
  (Director of FIA & Chair Health Exco)
- Butši Tladi
  (Director of FIA & ex chair of Health Exco)
- Andre Jacobs
  (Member of Health Exco)
- Gary Feldman
  (Vice-chair of Health Exco)

QUESTIONS