

Presentation to the Portfolio Committee on Health | NHI Bill

21 July 2021



The American Chamber of Commerce
SOUTH AFRICA

Angela Russell

Introductory
Remarks

AmCham would like to thank the Portfolio Committee on Health for this opportunity to make an oral representation following its written submission on the 29th November 2019



The American Chamber of Commerce
SOUTH AFRICA

Content

- Introductory Remarks
- Points of Principles
- Recommendations
- Concluding Remarks

AmCham Team

- Angela Russell | AmCham CEO
- David Geral | AmCham Member
- Dr Judy Coates | AmCham Member
- Leigh Gunkel-Keuler | AmCham Member
- Neren Rau | AmCham Member
- Nyimpini Mabunda | AmCham Board

Introduction to AmCham

- There are over **600 American organisations** invested in South Africa who employ over **221 000 employees** both directly and indirectly.
- AmCham is the **voice and advocate** of American business in South Africa.
- AmCham seeks to **enrich bilateral trade and investment** between the two countries.
- In its **deliberations**, AmCham sought the views of its members in the healthcare sector as well as of its **wider constituency** across the various industry sectors.
- AmCham in this presentation will not focus on specific concerns around the design details and management of the NHI, but rather on the general interests of our members in **improving and strengthening** the **equity, quality, access and affordability** in South Africa Healthcare.



AmCham's Represent 200 Member Companies Including:



ESTÉE LAUDER



PEPSICO

abbvie



FedEx



McCANN



amazon

CITIBANK



P&G

AMGEN



FLUOR



pwc



JPMORGAN CHASE & CO.



REVLON



Kellogg's



SC Johnson



Google



NBA

S&P Global



Lilly



The Economist



Honeywell

MARS

ORACLE

VISA

Massmart

American Investment

- The **600 American organisations** present in South Africa **invest billions of rands** in skills, enterprise and socio-economic development each year.
- Invested in progressive social solidarity.
- The PEPFAR Programme has invested **over R100 billion** in South Africa since 2004 for the fight against **HIV/AIDS & TB**.
- Invested **R 1 billion in fighting COVID-19**.
 - Establishment of field hospitals in underserved provinces;
 - provided hand-washing stations in over 100 schools;
 - provided 1,000 ventilators to treat the South Africans who needed help the most.
- Committed **R10.1 billion to Aspen** to manufacture COVID-19 vaccines for Africa.
- The US and American organisations are committed to South Africa and are invested in quality health provision.



Introductory Remarks

- AmCham and its members **support** the principle and objectives of universal access to quality healthcare for all South Africans.
- Amcham believes that the design of benefits under NHI should be:
 - **patient-centred**;
 - **evidence informed**;
 - **holistic** to effectively and efficiently increase **equitable access** to quality healthcare services;
 - and built on the pillars of **transparency**, strong and effective **governance** and relevant **stakeholder participation**.
- Amcham **appreciates the complexities** involved in realising the objective of universal healthcare (UHC) and the achievement of the NHI principles in manner that is **compatible with a sustainable healthcare sector**.



Nyimpini
Mabunda

Points of Principle



The American Chamber of Commerce
SOUTH AFRICA

1) Encouraging Investment to Drive Innovation

- The current version of the NHI Bill creates an uncertain environment for organisations, employers and employees which potentiates a negative impact on foreign direct investment and the expansion of healthcare services in the country.
- AmCham supports the principle of transparency and equity, however the blanket introduction of an “SEP type” model remains concerning.
- A competitive healthcare sector is critical to:
 - enable better choices for patients and improved health outcomes;
 - enhance efficiencies and supports security of supply;
 - increase economic participation and drives economic growth;
 - create an enabling environment that spurs the innovation of new and better products.



2) The Sustainability of NHI

- The funding mechanism for NHI remains unclear.
- There is a serious concern regarding the lack of a current proposal from National Treasury on the fiscal implications of NHI and the absence of the associated Money Bill.
- In adopting NHI as the organizing framework for financing health care, we believe that South Africa has the opportunity to incorporate its entire health infrastructure and build on the strengths, assets and capabilities of both the public and private sectors.
- Government has also not yet responded to the recommendations of the Health Market Inquiry (HMI), regarding the proposed operational reforms which were developed through an extensive and robust process and have the potential to enhance efficiencies with immediate benefits in healthcare funding and delivery.



3) Progressive Social Solidarity

- The phasing should have a functional approach and be defined by milestones achieved rather than dates.
- A detailed implementation plan and milestone criteria would allay uncertainty.
- A progressive realisation of cover should target the most vulnerable with an incremental approach to tax-based funding within the construct of our national social protection floor.
- This includes the development of referral pathways to optimize the utilization of resources.
- There was an underlying assumption that private healthcare and medical insurance would remain an integral part of the healthcare system under NHI.



3) Progressive Social Solidarity cont.

- International experience has shown that implementation of UHC is expressed through the incremental broadening of benefits based on the availability of financial resources.
- NHI coverage must accommodate all members and beneficiaries equally and should aim to expand the reach of coverage over time, while recognizing the right of individuals to supplementary voluntary insurance.
- Notwithstanding mandatory participation in the NHI Fund, patient choice should be respected, both in the selection of service providers and between administrators and insurers.
- AmCham is therefore concerned about the limitation of rights to insure privately, notwithstanding all solidarity objectives having been met through mandatory participation in the NHI Fund (sections 6, 8 and 33 of the Bill when read together).



4) Effective Governance

- The extraordinary scale & social impact of the fund deserves extraordinary consideration as to the governance.
- Robust governance and transparency are essential to public confidence across the public and private systems.
- Clarity on the role of the Minister of Health is needed and alludes to a potential separation of power.
- There should be a clear separation between the state's ownership function and other state functions that may influence the operating conditions for SOEs, particularly with regards to legal enforcement and market regulation.
- Centralised funding, financing, and procurement concentrates operational and governance risk. Centralisation of healthcare provision could result in provincial malalignment if not managed appropriately.
- The amendments to the eleven other pieces of legislation should be dealt with through the normal process of public participation.



Neren Rau

Recommendations



The American Chamber of Commerce
SOUTH AFRICA

1) Encouraging Investment to Drive Innovation

AmCham proposes the deletion of clause 3(5) that excludes the Competition Act.

- AmCham proposes explicit reference to competitive principles to facilitate a robust and sustainable healthcare sector.
- AmCham requests clarification in section 33 of the role for private medical insurance, and amendments to sections 1, 6 and 8 of the Bill to make it clear what the complementary role of medical insurance will be.
- AmCham proposes positive reference to a collaborative public/private approach to developing, expanding and maintaining health infrastructure, to healthcare funding, health services provision, health product development, investment in health goods and services, and purchasing of healthcare goods and services.
- AmCham proposes that the policy position be stringently interrogated with reference to the findings of the Health Market Inquiry and independent socio-economic impact assessment.



2) The Sustainability of NHI

AmCham proposes the deferral of the passage of the Bill until a National Treasury financial plan, and a draft Money Bill have been prepared for consideration.

- AmCham notes that this is sound governance and need not (and should not) defer implementation of various structural improvements that are already underway and continue to require attention, such as the Health Market Inquiry recommendations, PMB development and access challenges, the low cost benefit options project, rural infrastructure development, etc.
- AmCham proposes public participation and/or Nedlac consideration of specific fiscal matters like the abolition of medical scheme tax credits and the proposed amendments to COIDA and ODIMWA, amongst others.



3) Progressive Social Solidarity

AmCham proposes express language in the Bill regarding who is obliged to register as a user *and whether health practitioners* are obliged to register in order to practice.

- AmCham is concerned that the limitation of a right to self insure, and the indirect depletion of the private health service provider cadre, is unconstitutional as it runs contrary to the progressive realisation of access to healthcare.
- The proposed phased implementation program should not be top-down and time-based; section 57 should rather provide a framework for joint development of phased milestones, based on implementation, and in collaboration with the private sector.



3) Progressive Social Solidarity cont.

Benefits Design Principles:

- **Holistic:** patient-centred, evidence-informed, and holistic.
- **Localised:** local context/ disease burden and patient needs/ epidemiology.
- **Transparent:** including stakeholder involvement.
- **Access:** increasing patient access to quality services and care that prevents disease progression.
- **Choice:** inform decision-making and promote choice for health care providers and patients.
- **Innovation:** including investment in Research & Design, across the spectrum of prevention, diagnostics, treatment, care, and support. Value –based versus price.
- **Evidence-based:** determined decision-making.



4) Effective Governance

The Fund will be an institution of unprecedented size and socio-economic impact and deserves extraordinary governance systems. Consideration should be given to Ministerial representatives for example Finance; Trade, Industry and Competition and/or Co-operative Governance in NHI governance structures: including the Board and/or Stakeholder Advisory Committee and/or Benefits and Pricing Committees.

- Similarly the Fund should be accountable to the Standing Committee on Public Accounts as well as the Health Portfolio Committee.
- The Minister's powers should not extend to overriding a decision of the Board to remove the CEO (S19(5)).

Cont..



4) Effective Governance cont.

- Sections 31 and 55 affords the Minister broad powers to restructure the relationship of national and provincial competences with the Fund, and the public/private healthcare relationship, without clear parameters for the exercise of discretion. Instead the Minister's power to propose legislative amendments can be dealt with as part of the phasing approach in section 57.
- Sections 57 and 58 should not be phrased as omnibus amendments, but rather as proposed amendments in principle which must be taken through the usual public participation processes at the relevant times, as the volume of considerations and risk of misalignment and unintended consequences is significant.
- The Minister's powers to truncate public participation around regulations (S55(3)(b)) in the public interest is unprecedented and at the very least should not be subject to the deliberations of the Board *alone*, but rather to the Stakeholder Advisory Committee.



Angela Russell

Concluding Remarks



The American Chamber of Commerce
SOUTH AFRICA

Concluding Remarks



- Health is a **fundamental** requirement for **business productivity and economic growth** in the same way that it is an essential individual priority.
- We support the principle and objectives of universal access to quality healthcare for all South Africans
- Health policy should factor in the national contextual priorities including **social inclusion, affordability, sustainability** and ongoing **investment** in healthcare products and services.
- Investment and innovation are a result of **competition, policy certainty, sound governance** and vision and skill. The proposed single fund, in its current form, will not promote this outcome.



Concluding Remarks cont.

- Amcham is of the belief that **private sector can add real value** to efforts in advancing Universal Health Coverage, including **scaling innovation, capacity building, improving efficiency**.
- As an example, the role of the private sector in support of government with regards to the COVID-19 vaccination rollout.
- To this point **ongoing dialogue and engagement** between government and the private sector remains paramount to achieving sustainable success.
- On this basis and given the need to ‘get it right’ we are of the view that an additional round of drafting is required.



Thank you for your Time



The American Chamber of Commerce
SOUTH AFRICA