Parliamentary NHI Public Hearings on the proposed NHI

SUBMISSION BY THE SAOU

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31/08/2021

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DIE VERANDERING IN ONDERWYS
THE CHANGE IN EDUCATION

ISSUES TO BE ADDRESSED

1. Underlying principles of SAOU submission
2. Support for the principle of a quality Public Health Sector (PHS)
3. Perceived primary problems in PHS and implementation of NHI
   a. Funding of PHS
   b. Quality of facilities and services
   c. Quality of governance and management
4. Position of medical schemes
5. Health care dependent on quality staff
6. PPPs a necessity
7. Reforms in Private Health Care
8. GEMS: A condition of employment
9. Possible constitutional challenges

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What are the underlying principles of SAOU submission?

1. SAOU has record of cooperation with authorities
2. Don't fix what isn't broken
3. Focus on optimizing that which is controllable
4. Optimise the Public Health Sector (PHS)
5. Establish calmness irt NHI planning/implementation
6. Create synergy and symbiosis
7. Affordability is paramount

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Quality Public Health Care

- SAOU supports the principle of a quality public health system (PHS)
- Subscribes the content of Sect 27 of the Constitution, i.e.
  - (1)(a) *Everyone has the right to health care services ….*
  - (2) *The state must take reasonable legislative and other measures within its available resources to achieve the progressive realisation of each of these rights.*
  - (3) *No one may be refused emergency medical treatment.*

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PROBLEM: Funding of PHS/ NHI

- Bill is silent on real cost implications
- Not prepared to enter debate on costing, except to state that the envisaged cost will be exorbitant
- Schemes similar to NHI are successful in countries with a broad tax base.
  - In SA 5.5m tax payers contribute to fiscus ito very high tax rate (Laffer curve is NB)
    - SA: Max = 45%
    - Africa: 31.9%
    - EU: 38.3%
    - OECD ave: 41.7%
    - Global ave: 31.2%
- Estimates are that average tax rate will have to increase by 3% - 5% to be able to fund the NHI
- In light of constitutional prescription, i.e. *The state must take reasonable legislative and other measures within its available resources ….,*
  - **Therefore, must consider more affordable options**
- Clear noises of tax revolt / boycott

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PROBLEM: Quality of facilities and services

- NB questions:
  - Why are private hospitals/ facilities regarded as quality institutions?
  - Why is the quality of public facilities not of the same quality?
    - Perception of irresponsible approach to maintenance, e. g. appearance of façade, buildings, gardens, e.g. Bela-Bela – a deterrent to utilise
    - Vehicles – Bronkhorstspruit – creates perception of scrapyard
- Agree with principle of
  - World class academic hospitals
  - Hospitals
  - Clinics in rural areas that must focus on primary/ preventative health care
- A progressive investment is required irt
  - Buildings, facilities, infrastructure – note latest development at Oncology department at Charlotte Maxeke Academic Hospital (burglary/ theft)
  - Equipment
  - Proper maintenance programmes

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PROBLEM: Quality of governance and management

- Why are tax payers hesitant to utilise public facilities?
  - e.g. Deputy President – prefers Russia
  - Perception of “lesser quality”
- Medical facilities require
  - Reasonable staff provisioning
  - Competent staff that focus on the detail – best practice ito world class standards
  - Management who manage a facility according to best world class practices
  - Governance that complies with the same standards required of JSE boards of directors

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Position of medical schemes

- Under authority of CMS, ±7.7m beneficiaries serviced by 15 largest medical schemes
- Questions:
  - Why the need to destabilise 7.7m persons ito medical care?
  - Wouldn't an approach to utilise the 7.7m as base make more sense as the current approach to prohibit services that may overlap with NHI will only lead to resistance and legal challenges?
- Health Market Inquiry (HMI) Report: Two considerations:
  - The system of medical schemes can be made to work more efficiently without the need for government to take over the purchasing functions of the private health system
  - The fragmentation of the medical scheme system can be addressed through the recommended pooling regimes, i.e. the risk adjustment scheme together with social reinsurance and the mandatory minimum package.
- Rather, as suggested by HMI, instead of creating turmoil and conflict, establish synergies and symbiosis?
- SAOU cannot support the current NHI approach to medical schemes.

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Health care dependent on quality staff

- Any health system's ceiling is determined by the quality of staff
- Surveys by SAMA and Profmed
  - SAMA:
    - Represents 12,000 doctors and specialists
    - 14% have commenced with process of emigration aro NHI
  - Profmed (20,000 doctors and specialists):
    - Past 5 years – emigration aro NHI
    - 2016: 195
    - 2017: 214
    - 2018: 274
    - 2019: 291
    - 2020: 267

PLEA

Create an environment that medical staff see as –

- Non-threatening to careers
- Able to generate income that is comparable to other countries that also have "NHIs", e.g. UK, Canada, NZ, Auatralia, etc.

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LATEST SURVEY

	I agree	Indifferent	I don't agree	I don't know
I am willing to work with the government to develop a sustainable National Health Insurance (NHI).	21%	26,9%	43,6%	8,5%
Everyone has the right to receive the same healthcare regardless of their ability to contribute financially to healthcare	38,7%	26,4%	31,4%	3,4%

	I agree	Neutral	I don't agree	I don't know
As a result of the envisaged impact of NHI, I have taken steps to emigrate	13.7%	37.4%	36.5%	12.3%
I will take steps to emigrate when NHI is implemented	35.9%	24.3%	15.3%	24.5%

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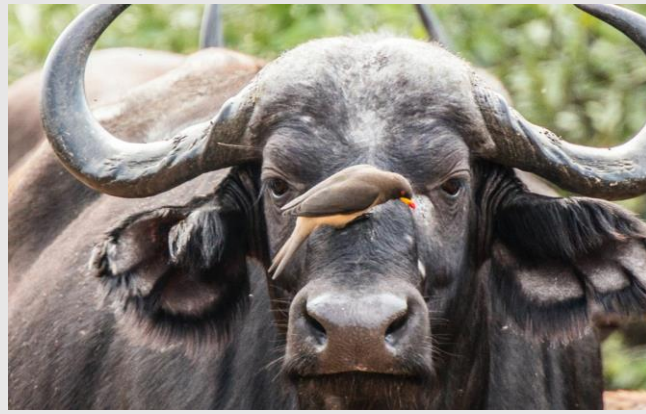
PPPs are indispensable



- NHI in adapted form – ideal opportunity for -
  - Synergy, i.e. cooperation, collaboration, combined effort to improve
  - Symbiosis, interdependence, harmony, mutualism, perfect cooperation

- Public private partnerships in the sphere of adapted NHI that focus on synergy and symbiosis will create an environment that –
  - Values its medical staff wherein they do not feel threatened on a professional level
  - Members of medical schemes and medical industry will desist from challenging NHI on various grounds
  - Avoid tax revolts

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Reforms in Private Health Care
A NECESSITY

- Private health care is not utopia - beset with many problems
- Health Market Inquiry (HMI): Concluded that the SA private healthcare market is characterised by
  - High and rising cost of healthcare and medical scheme cover
  - Excessive over utilisation (with stakeholders unable to demonstrate associated improvements in health outcomes)
  - Hospital admission rates, level of care and length of hospital stay (i.e. utilisation rates) were found to be excessively high and a significant driver of healthcare costs
  - Facilities market is concentrated, with three hospital groups
  - Administration market – high level of monopolisation
  - Inadequate stewardship of the private healthcare sector,
  - Including the DOH's failure to make use of existing legislated powers to manage, review and regulate the sector.
- HMI convinced the interventions will result in
  - Lower costs and prices in the healthcare industry,
  - More value for money for consumers,
  - Adress monopolisation, and
  - Increased innovation in the healthcare sector.
- Unfortunately, must note statement by the Competition Commissioner, i.e. the Competition Act does not apply to the health care market and HMI – **must be addressed.**

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GEMS (713,6k members & 1,86m beneficiaries)
A condition of employment

- **G**overnment **E**mployees **M**edical **S**cheme
  - **Aware of very stern resistance irt cancellation**

PSCBC RESOLUTION MEDICAL ASSISTANCE

PSCBC
PUBLIC SERVICE CO-ORDINATING BARGAINING COUNCIL

RESOLUTION NO 1 OF 2006

MEDICAL ASSISTANCE FOR PUBLIC SERVICE EMPLOYEES

MEDICAL ASSISTANCE FOR PUBLIC SERVICE EMPLOYEES

5.1 In this clause, the word "dependant", in relation to an employee, means his/her dependant as defined in the Medical Schemes Act, 1998 (Act 131 of 1998).[1]

5.2 The employer shall, with effect from 1 July 2006, pay to an employee who belongs to or joins GEMS, 75% of the employee's total monthly medical contribution, subject to-

5.2.1 the maximum cap of the employee tax allowance, comprising of a monthly cap of R500 per principal member, R500 per first dependant and R300 per each additional dependant; and

5.2.2 a maximum of R1 900.

5.3 The employer shall, with effect from 1 July 2006, pay to an employee on the following salary levels 1, 2, 3, 4 and 5, who belongs to or joins GEMS on the Sapphire option, 100% of the employee's total monthly medical contribution, subject to-

MEDICAL ASSISTANCE FOR FORMER EMPLOYEES

6.1 The employer shall continue to provide medical assistance as provided for in the Appendix to an employee who exits the public service because of-

6.1.1 retirement, including early retirement;

6.1.2 death; or

6.1.3 discharge as a result of ill-health or injury on duty.

6.2 The employer shall provide the medical assistance referred to in clause 6.1 subject to the following conditions:

6.2.1 The service termination results from the reasons specified in clause 6.1;

6.2.2 the employee remains a principal member of a registered medical scheme; and

6.2.3 the employee was a member of the medical scheme for at least 12 months before the date he/she left the public service.

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Possible constitutional challenges

1. The re-direction of provincial powers to the national level, i.e. the circumvention of the powers of provinces, which reduce the health function to that of an agent for the NHI;
2. The establishment of government components without the requisite powers or permissions to do so;
3. The irrational prohibition of medical scheme coverage for benefits offered through the NHI
4. The elimination of social protection offered to members of medical scheme members through the Medical Schemes Act;
5. The removal of the tax rebates for contributions to medical schemes.

CONCLUSION

1. Don’t fix what isn’t broken – optimise it
2. Focus on optimising that which is controllable
3. Optimise the Public Health Sector (PHS)
4. Establish calmness in regard to NHI planning
5. Create synergy and symbiosis
6. Affordability is paramount

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THANK YOU