# PRESENTATION ON NHI BILL

**21th June 2018**

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# Definition of NHI

- NHI is a health financing system that pools funds to provide access to quality health services for all South Africans based on their health needs and irrespective of their socio-economic status.

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# Can NHI function in the current structure of health service provision?

- **It will need a massive reorganisation of the current health system, both public and private**

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# The Country’s Plan - The NDP

**Chapter 10: Promoting Health - Targets for 2030,**

- **Under Universal Health Coverage:**
  - Everyone has access to an equal standard of care regardless of their income;
  - A **common fund** enables equitable access regardless of what people can afford to pay or how frequently they need to make use of health services

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# WHAT PROBLEM ARE WE SOLVING IN SOUTH AFRICA TO ACHIEVE UINVERSAL HEALTH COVERAGE?

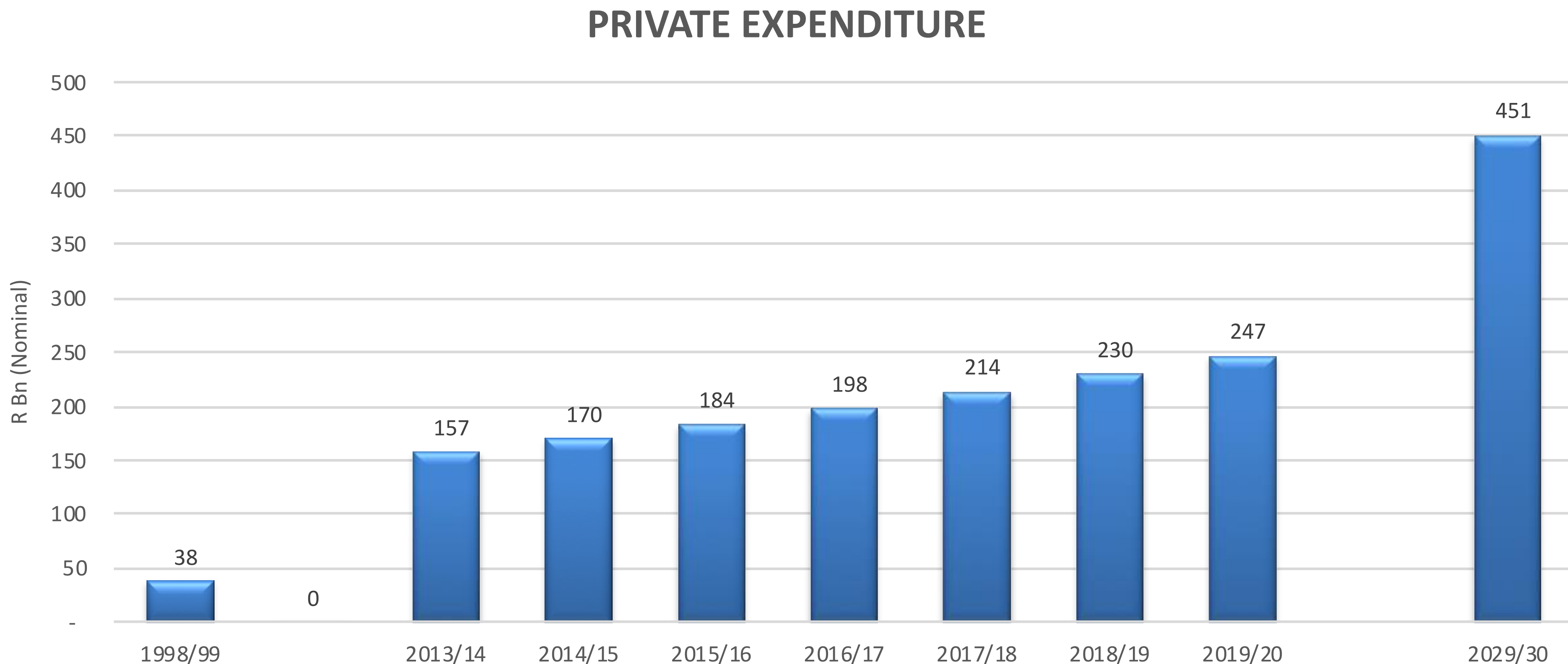
## DEEPLY ENTRENCHED INEQUITIES

- The World Health Organisation recommends that countries should spend **5%** of GDP on health.
- South Africa currently spends **8.7%** of GDP on health (2018)
- The private sector spends **4.5%** of GDP on health but only provides care to **16%** of the population.
- The public sector spends **4.2%** of GDP on health but only provides care to **84%** of the population

| | 2015 (Bn) | 2018 (Bn) | % Change |
|---|---|---|---|
| GEMS | 17.8 | 20.5 | 15% |
| Civil Servants not on GEMS | 1.8 | 2.2 | 22% |
| SOEs | 7.2 | 8.3 | 15% |
| **TOTAL GOVT AS AN EMPLOYER** | 26.8 | 31.0 | 16% |
| | | | |
| MEDICAL TAX CREDITS AND REBATES | 20.0 | 26.0 | 30% |
| | | | |
| TOTAL STATE SUBSIDY | 46.8 | 57.0 | 22% |

# Change in Private Sector Spending

- Private sector events adversely affect the public sector and hence it is not possible to separate the two and solve their problems individually.



# How does SA compare to the rest of the World?

- This state of affairs as outlined above, led South Africa to be completely out of sync with the rest of the world, as proven following slide which is very alarming

# South Africa is an outlier: world's largest share of spending from VHI

Voluntary Health Insurance as % total health spending

45%
40%
35%
30%
25%
20%
15%
10%
5%
0%

42.2%

Average per country globally: 4.1%

South Africa
Botswana
USA
Namibia
Brazil
Uruguay
Chile
Lebanon
Jamaica
France
Ireland
Slovenia
Canada
Israel
Georgia
Germany
Colombia
Switzerland
Senegal
Fiji
UAE
Dominican Rep
Malaysia
Australia
Argentina
Morocco
Trinidad & Tobago
Saudi Arabia
Philippines
Thailand
Jordan
Panama
Bahrain
Qatar
Cyprus
Kenya
Rep of Korea
Gabon
Spain
Netherlands
Portugal

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Source: WHO estimates for 2012, countries with population > 600,000

# WHO/OECD view on South African private health expenditure

- The previous slide indicates why the WHO and the OECD, have contended that South Africa is the only country in the whole world, where so much money is spent on the health of so few people. (presentation to the Health Market Inquiry)

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# Consolidation of Financing Streams

- Presently, according to STATSSA, this is how the SA population is divided in terms of income, employment and hence, indirectly medical scheme coverage
- In reorganising the population, cognisance will be taken of these various categories, i.e. when we implement NHI, we have to start with those who are not covered

**Interim Insitutional Structure**

| Civil servants and their dependants (incl. SoEs) | Formal Sector Employed and their dependants (large business) | Formal Sector Employed and their dependants (SMMEs) | Informal sector and their dependants | Individuals in households with no income or are not employed |
|---|---|---|---|---|
| 5.5m | 12m | 6m | 8m | 24m |

- Government Employees
- State Owned Enterprises
- Public Entities

**Only 8.8m of these people have access to health services via medical schemes**

- Domestic Workers
- Hawkers
- Taxi industry
- Casual labourers

- The elderly with no income
- Children
- School kids (12m)
- Unemployed
- Unemployable

**The central philosophy of Implementation of NHI is to bring into fold those people who are not insured (specifically those who are unable to afford medical scheme cover).**

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# The NHI Bill

- This cannot be achieved without creating a single common fund, which in itself will directly contribute towards:
  - a unified health system by improving equity in financing,
  - reducing fragmentation in funding pools across both the public and private sectors, and
  - making health care delivery more affordable and accessible for the population
- The NHI Bill is a crucial step in creating the common Fund.

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# Parts of the NHI Bill

- *Establishment of the NHI Fund*
- *Right to health care*
- *The Board of the Fund*
- *The CEO*
- *Ministerial Committees*
- *General provisions applicable to operation of Fund*
- *Complaints and appeals*
- *Financial matters*
- *Miscellaneous*

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# Key Features of the Bill (not exhaustive)

Beneficiaries Covered

(Section 7)

Mandatory Pre-payment

(Section 3(4))

No co-payments, free at point of service (Section 9 (a))

Registration of users (Section 8)

Rights of users (Section 9 (a))

Fighting Corruption (Section 6 (1) (I)(vi), Section 6(1)(L))

Strategic Purchasing (no more tenders for health services) (Section 35(1)

Public and Private Providers (Section 5(1)(d))

Purchaser-Provider Split

(Section 35(1))

Single Purchaser (Payer)

(Section 3(3))

Comprehensive Health Service Benefits

(Section 11 (1) & 11 (2))

Affordability

(Section 9)

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# Key Features of the Bill (contd.)

Entry point to health care system – PHC

(clinics, GPs and other PHC providers)

(Section 11(2)(a))

Referral Pathways Section 11 (2)(b)

When are Services not covered

Section 12 (2)

Sources of Funding - Minister of Health and Finance to jointly determine (Section 46 (1), (2), (3))

Procurement through Chief Procurement Officer (National Treasury)

Method of Payment – capitation, DRGs, Global fees

(Section 35 (2), (3), (5)

Ministerial Committees (Section 25, 26, 27, 28)

Appeals and Complaints (Section 40)

Schedule of Amendments (Annexure)

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# Transitional Arrangements

- Described in section 54 of the bill.
- Specifies the structures, and process of implementation
- Phase 1 was from 2012 to 2017.
- Phase 2 will be for a period of five years from 2017 to 2022 and will—

i. continue with the implementation health system strengthening initiatives, including the alignment of human resources with that which will be required under the Fund;

ii. include the development of National Health Insurance legislation and amendments to other legislation;

iii. include the undertaking of Initiatives which are aimed at establishing institutions that will be the foundation for a fully functional Fund; and

iv. will include the interim purchasing of personal healthcare services for vulnerable groups such as children, women, people with mental health disorders, people with disability and the elderly.

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# Transitional Arrangements (contd)

Phase 3 will be for a period of four years from 2022 to 2026 and will include—

i. the continuation of Health systems strengthening activities on an ongoing basis;
ii. the mobilisation of additional resources as approved by Cabinet; and
iii. the selective contracting of healthcare services from private providers.

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# END

# ACHIEVEMENTS AND KEY LESSONS FROM NHI PILOTS

# Infrastructure

- Over the period of the NHI pilots, more than R42b has been spent on improving the state of Public health facilities
  - Total Infrastructure Spending R40 342 973 108
  - Total Spending On Equipment R 1 706 562 156

| Type of Facility | Completed | | In-Progress | | Total |
|---|---|---|---|---|---|
| | NHI | Non-NHI | NHI | Non-NHI | |
| **Clinics and Community Health Centres** | | | | | |
| New and Replacement | 34 | 96 | 48 | 132 | 310 |
| Refurbishment | 120 | 39 | 144 | 88 | 391 |
| Doctors Consulting Rooms Built | 137 | 5 | 21 | - | 163 |
| **Nursing Education Institutions** | 2 | 3 | 1 | 3 | 9 |
| **New Hospitals** | 1 | 9 | 2 | 7 | 19 |
| **Replaced Hospitals** | 1 | - | 10 | 2 | 13 |
| **Refurbished Hospitals** | 19 | 51 | 32 | 109 | 211 |
| **Total** | **314** | **203** | **258** | **341** | **1 116** |

# Improving Access to Medicines

**In terms of Improving Access to Medicines, the Department of Health is undertaking 3 initiatives**

1. **Stock Visibility System (SVS) (introduced in July 2014)**
   - Total number of clinics with SVS implemented = 3163 clinics with SVS
     - 658 clinics in NHI Pilot Districts
     - 2505 clinics in Non-NHI Pilot Districts
2. **Rx Solutions and other Electronic Stock Management Systems (ESMS) implemented in Public Hospitals:**
   - National Central Hospitals with an ESMS implemented: 8 out of 10 (80%)
   - Provincial Tertiary Hospitals with an ESMS implemented: 17 out of 18 (94%)
   - Regional Hospitals with an ESMS implemented: 39 out of 47 (83%)
   - District Hospitals with an ESMS implemented: 174 out of 254 (71%
3. **Centralised Chronic Medicines Dispensing and Distribution Programme**
   - The CCMDD Programme implementation is as follows:
     - Number of patients enrolled in CCMDD: 1 300 000 patients
     - Number of registered Pick-up Points: 401 (76% in NHI Pilot Districts)
     - Number of facilities registered with CCMDD: 1 804 (38% in NHI Pilot Districts)

*Percentage Improvement in availability for medicines monitored with SVS*

| Treatment | 2010/11 | 2014/15 | 2016/17 |
|---|---|---|---|
| ARV | 69.50% | 74.79% | 92.50% |
| TB | 65.70% | 70.90% | 88.50% |
| Vaccines | 64.50% | 73.50% | 94.50% |

# Improvement in service delivery

- **Improving access to MCH services through MomConnect**
  - Over 1,300,000 women across SA have been registered on MomConnect, of which 217,000 are in NHI pilots
- **District Clinical Specialist Teams + General Practitioners**
  - As of March 2017, there are teams in all NHI pilot districts.
  - 52 District Clinical Specialist Teams with 233 members
  - 342 General Practitioners contracted (with more than 320,000 patient encounters)
- **Strengthening Prevention through Ward-based PHC Outreach Teams**
  - End of March 2017, the teams have visited a total of 4,7m households
  - **NHI Pilots -** there are a total of 801 WBOTs registered in NHI Districts since April 2011, with a total households/families visited to date is just under 900,000
  - **Beyond NHI Pilots -** there are a total of 2342 WBOTs registered since April 2011 (non- NHI districts), with a total households/families visited to date is 3,800,000
- **Health Patient Registration**
  - As at the End of March 2017,
    - 6m patients have been registered with SA Identity Numbers
    - A further 13m are in the process of being verified as the patients have not provided Identity Numbers.
    - 68,000 foreigners

# INTEGRATED SCHOOL HEALTH PROGRAMME

- A comprehensive school health programme allows children to access health promotion and education during early years of learning, thus maximizing learning potential.
- **In the 1st 18-months**, Quintile 1 and 2 Schools (grade 1 and 4) in the NHI Pilot districts were prioritised
  - It was found that 1/3 (33%) of the learners screened had at least one of these problems.
- **Subsequently, the programme was expanded to all quintiles for Grades 1 and 4** (both within and outside NHI pilot districts).
  - It was found that 15% of the learners screened had at least one of these problems
- **The total Children** screened was 3.2m (as at end of March 2017)
  - A total of 500,004 were identified for follow-up
    - Oral Health 337 679
    - Eye Sight 119 340
    - Hearing Problems 34 094
    - Speech Problems 8 891

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# NHI pilots: What did we learn?

- Through the implementation of several initiatives such as
  - School health programme;
  - Maternal and child health programme;
  - District Clinical Specialist teams; and
  - Primary Health
- We learnt:
  - There are serious inequities in access to health care
  - These inequities are exacerbated by the capacity in the public sector, e.g. lack of resources, equipment, medicines
  - Most importantly, access to key health professionals.

# UHC Reform in a selection of countries

| Countries | Start date of UHC reform act | System Type | GDP at time of reform (Current US$, billions) | GDP per capita (US$, PPP) |
|---|---|---|---|---|
| Norway | 1912 | Single Payer | N/A | 4650 |
| Japan | 1938 | Single Payer | N/A | 3350 |
| Germany | 1941 | Insurance Mandate | N/A | 10400 |
| Belgium | 1945 | Insurance Mandate | N/A | 5320 |
| United Kingdom | 1948 | Single Payer | N/A | 10700 |
| Sweden | 1955 | Single Payer | N/A | 13200 |
| Canada | 1966 | Single Payer | 459 | 18300 |
| Netherlands | 1966 | Two-Tier | 265 | 16700 |
| Austria | 1967 | Insurance Mandate | 124 | 15900 |
| Denmark | 1973 | Two-Tier | 168 | 24600 |
| France | 1974 | Two-Tier | 1280 | 21000 |
| Australia | 1975 | Two Tier | 381 | 21700 |
| Ireland | 1977 | Two-Tier | 51 | 15300 |
| Italy | 1978 | Single Payer | 1260 | 22400 |
| Greece | 1983 | Insurance Mandate | 178 | 18400 |
| Spain | 1986 | Single Payer | 724 | 19600 |
| South Korea | 1988 | Insurance Mandate | 309 | 9860 |
| South Africa | 2018 | Single Payer | 419 | 12300 |

- The table to the left shows the start date*, system type, GDP and GDP per capita when the relevant UHC reform was passed
- Countries such as the UK, Japan, Belgium, Germany, and South Korea had a lower GDP per Capita than South Africa has today when Implementing their reform.
- Other nations such as Ireland, Sweden and Austria had only a slightly higher GDP per capita at the Time of implementation.
- 7 out of the 12 countries with data had a lower total GDP than South Africa when implanting UHC Reforms.

*Typically the date provided is the date of passage or enactment for a national health care Act mandating insurance or establishing universal health insurance, as per the WHO. All data in the analysis is from the World Bank Data Bank

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# Key Expenditures by Medical Schemes

| YEAR | GPs | Specialists | Pvt Hospitals | Medicines | GP as % of Total | Specialists as % of Total | Pvt Hospitals as % of Total | Medicines as % of Total |
|---|---|---|---|---|---|---|---|---|
| 2 002 | 3 024 | 7 067 | 10 506 | 8 656 | 8.5% | 19.8% | 29.5% | 24.3% |
| 2 003 | 2 955 | 7 605 | 11 848 | 8 617 | 7.6% | 19.7% | 30.6% | 22.3% |
| 2 004 | 2 904 | 8 241 | 14 160 | 7 959 | 7.0% | 19.9% | 34.1% | 19.2% |
| 2 005 | 3 748 | 9 373 | 15 587 | 7 973 | 8.2% | 20.5% | 34.2% | 17.5% |
| 2 006 | 4 393 | 10 973 | 17 706 | 8 675 | 8.6% | 21.4% | 34.5% | 16.9% |
| 2 007 | 4 329 | 12 181 | 19 921 | 9 383 | 7.7% | 21.7% | 35.5% | 16.7% |
| 2 008 | 5 235 | 14 045 | 23 959 | 11 205 | 8.1% | 21.7% | 37.0% | 17.3% |
| 2 009 | 5 674 | 16 723 | 28 009 | 13 290 | 7.4% | 21.9% | 36.7% | 17.4% |
| 2 010 | 6 185 | 18 765 | 30 833 | 14 040 | 7.3% | 22.1% | 36.4% | 16.6% |
| 2 011 | 6 842 | 21 288 | 33 839 | 15 161 | 7.3% | 22.8% | 36.3% | 16.3% |
| 2 012 | 7 473 | 24 030 | 37 582 | 16 340 | 7.2% | 23.3% | 36.4% | 15.8% |
| 2 013 | 7 641 | 26 054 | 41 524 | 18 910 | 6.8% | 23.3% | 37.1% | 16.9% |
| 2 014 | 8 224 | 29 185 | 46 334 | 20 590 | 6.6% | 23.5% | 37.3% | 16.6% |
| 2 015 | 8 675 | 33 043 | 51 595 | 22 893 | 7.5% | 28.4% | 44.4% | 19.7% |
| 2 016 | 8 968 | 36 321 | 56 613 | 23 957 | 7.1% | 28.9% | 45.0% | 19.0% |
| 2 017 | 8 968 | 36 321 | 56 613 | 23 957 | 7.1% | 28.9% | 45.0% | 19.0% |