

Industry reaction to proposed healthcare changes

Some of the more contentious statements made by the Minister of Health in his media release on the new Healthcare Bills elicited interesting responses from industry players.

In their article [“Massive changes proposed to private medical schemes”](#), Kerry Cullinan and Amy Green for Health-e News write:

Professor Alex van den Heever, who heads Social Systems Administration and Management at Wits University said that the NHI Bill “gives too much discretionary power to the health minister for operational issues”, and this made the scheme vulnerable to being “captured”.

“The NHI can never be implemented as proposed, as it is not appropriate to put billions – about R170-billion a year currently – in the hands of one politician,” said Van den Heever.

However, Van den Heever said that there were some good proposals in the amendments to the medical schemes, such as the tightening up of definitions.

But replacing the prescribed minimum benefits that all schemes were obliged to pay with unspecified “comprehensive benefits” was not helpful.

In addition, he said medical schemes’ reserves were designed to protect members and the 25% reserve was only three months’ worth of members’ contributions.

“The Bill does not actually ban brokers, as the minister claims,” added Van den Heever. “Currently, a medical scheme administrator allocates you to a broker and you have to pay the fee. The amendment says members have to agree to this arrangement and the fee.”

Sasha Stevenson, an attorney at SECTION27 wrote an Op-ed in Daily Maverick titled [Sorry, but the NHI Bill is just not the right medicine](#):

SECTION27 supports the extension of healthcare to as many South Africans as possible, but until the public health system is fixed and private healthcare better regulated, this will remain a chimera.

The minister’s logic, reflected in the NHI Bill, is that the crisis flows primarily from the maldistribution of resources between public and private health systems, which adds immensely to the burden on the public system. This is undoubtedly an issue. He believes that fixing the funding issues will fix the quality and access issues. We believe not.

We believe that until the public health system is drastically improved and the private health system properly regulated for price and quality, it will not be possible for the system described in the Bill to function. The NHI Bill describes an admirable vision of an equitable health system. But it does not lay out a path to remedy the current crisis.

Phase 2 of the NHI Bill process (2017- 2022) envisages completing the accreditation of all health facilities. Yet it does not acknowledge the deepening dysfunction of the health system, or provide a set of steps that will be taken to remedy the ailing system, let alone transform it into one capable of providing universal health coverage.

How will this be done when the Office of Health Standards Compliance reported that only five of the 696 hospitals and clinics that it inspected achieved over 80% compliance with the national norms and standards?

In our assessment, much of the current system's dysfunction is a product of governance and management challenges. While it is easy for some to blame the minister for all governance problems, this is to detract and perhaps to distract, from the real governance issues that bedevil the system.

In provinces, there remains little separation between political and administrative leadership, with politics overriding the needs of the system and its users, ensuring the deployment of unsuitable cadres and the signing or cancelling of contracts. Factional politics within the ANC, allows this undermining of the health system and the people who rely on it.

The proposal relies, as part of the solution, on the functioning of a super-structure (the NHI Fund) with immense power and responsibility, including that of healthcare service providers. Splitting the purchaser of services (the fund) from the provider of services (health facilities) may encourage some efficiencies and strengthen the fund's bargaining power.

But it is difficult to see how this would forcefully address underlying governance issues. In the same way, the Bill contemplates the creation of a wide array of new structures, such as contracting units, but largely remains silent about how they would be immunised from the same rot that infects parts of the health system today.

Until corruption and mismanagement is seen to be decisively dealt with such reliance will be a hard sell for South Africans who have witnessed the large scale looting of SoEs and the failure of national funds such as the Road Accident Fund as well as, the failure of provincial departments of health.

The NHI Bill focuses on the creation of new structures. Other matters, such as the roles of the national and provincial departments of health and of medical schemes, remain unclear. After eight years of deliberation on NHI, this lack of detail is concerning.

There can be little doubt that a lot more has to happen before the lofty ideals of the new healthcare dispensation are accomplished. Of concern is that the general election next year may trump rational thinking. Fortunately, the second phase is planned for 2017 to 2022, which will leave room for some backtracking and reality facing before we again become the victims of unforeseen and unintended consequences.