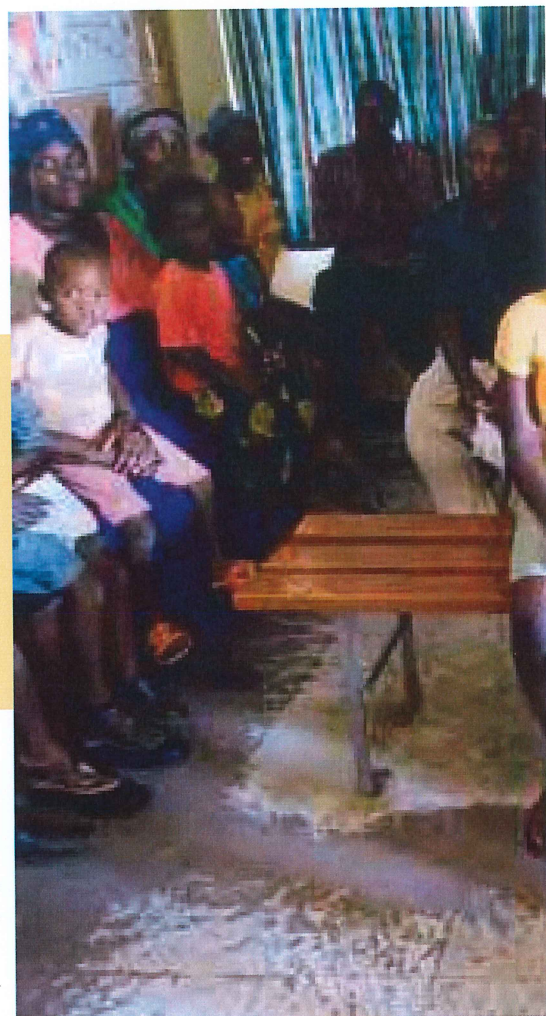


# What is the prognosis for a National Health System?

Heeding the call of the ANC's National Policy Conference on a national health insurance (NHI) system for the country, the HSRC hosted a colloquium on health within a comprehensive social security system to initiate further debate and evaluate the progress made thus far. The colloquium explored a number of policy options and challenges for a national health system (NHS), financed through national health insurance. Colloquium coordinator CLAIRE BOTHA reports.



**THE QUESTION** of what health system South Africans want is not a rhetorical question; it requires us to seriously consider the current state of South Africa's decaying health services. Words like accessibility, equity, and efficiency in health care should no longer remain mere aphorisms.

Despite considerable progress since 1994, key failures of the public health system are pervasive. As a consequence, the South African Human Rights Commission cautioned during its public hearings into the right of access to health-care services that the current level of health care could erode the constitutional right of access to health for all.

Notwithstanding the implementation of a number of policies, based on the tenets of the ANC's 1994 National Health Plan (NHP), the public health system is still afflicted by the challenges of inadequate and equitable access to health services, its delivery and quality, and health-care funding.

Many argue that these challenges are nested in the dual structure of the South African health system, with the public-private sector disparities and the nature of the interface (or lack thereof) serving as major impediments to an equitable and sustainable health system. The inability to affect a relative redistribution of resources locked into the private sector to ensure equity of the health system as a whole, gives rise to a highly unequal and polarised health system.

A stagnant but a well-entrenched private sector with a guaranteed clientele and heavily subsidised (directly and indirectly) by the public sector, consumes the bulk of financial resources – in excess of 60%. Direct and

indirect subsidies relate to tax exemptions on medical scheme contributions and the subsidised training of health-care workers, who, upon completion of training end up practicing in the private sector. The private sector covers only approximately 15% of the population's middle-to-high-income earners, regardless of race – and remains over-resourced and under-utilised.

This leaves the public sector to cater for approximately 85% of the population on a health budget of less than 40% of total health expenditure. South Africa's unequal and highly polarised health-care system is fuelled by – if not rooted in – the funding arrangements for health care, giving rise to its overwhelming challenges.

To add to the private health sector's inclination towards cost-inflation which is mired in a weak regulatory environment and with obvious limitations to entitlements, the consumer bears an increasing portion of the financial burden. The South African private health-care sector has turned to managed health-care (MHC) initiatives to control the surging health costs. Although well intentioned, these initiatives could perversely reinforce the dumping of patients prematurely onto the public health sector once private health cover benefits have been exhausted.

## GOVERNMENT'S HEALTH INTERVENTIONS

The industry has seen a number of government interventions aimed at curbing runaway health costs, for example, reforms to tax subsidy and single-exit pricing of medication. But these have had little impact on reducing costs.

Whereas some argue that government intervention will transgress and even stifle competition, government's direct and indirect subsidy to the private sector distorts the free-market arrangement anyway. A public health system under pressure to extend health care to its population – especially those lacking medical scheme cover – makes the South African public health system in need of much refocused attention.

## A COMPREHENSIVE NATIONAL HEALTH SYSTEM

So, what is the alternative? What is needed is a developmental approach to health care, supported by sound, well-developed and comprehensive policies that press forward with the transformation towards a National Health System, as articulated in a number of policy documents. The goal is to see some progress towards a National Health System for universal coverage of health services.

At the colloquium, a lively debate ensued on different policy options of universal health-care coverage for South Africa, nested within a comprehensive system of social security. The colloquium's main purpose was to initiate policy dialogue and critical



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discussions on how health services are accessed, provided and funded and to formulate ideas, views and recommendations that could be presented to those involved in health policy development.

In the opening address at the colloquium, the minister of health welcomed and supported the use of different forums that could engage and influence policy processes. Of particular importance is the following extract from the minister's speech:

Stakeholders have different platforms to express their views and to try to influence government to move in one direction or the other. This is one of those platforms, and our view is that we are here to listen to suggestions and views we can take into consideration as we formulate the stance of the government, which we will ultimately take to Cabinet.

Universal coverage of health services should

be considered in terms of concept, level, content of services and funding arrangements with regards to the health system to which it applies. Any reform towards a National Health System should be guided by the policy objectives that the policy option seeks to pursue with the following underlying principles for consideration in guiding the policy option:

- The right to health
- Social solidarity
- Universality
- Equity
- Universal access to health care
- Efficiency in resource use.

Key issues that emerged during the deliberation at the colloquium include:

- Advocacy for a National Health System as envisaged by the 1994 National Health Plan, namely a centrally-funded, basic package of care, free at point of use.

- In pursuit of the National Health System, the following steps need to be taken:
  - Strengthen the public sector through increased human resource capacity by: implementing the National Department of Health's HR strategy; improved governance of the District Health System and public hospitals; and increased tax funding of the public health system.
  - Distribute health-care resources equitably between the users of the public and private.
  - Improve the public/private interface so as to explore various synergies such as the sharing of resources to improve efficiencies.
  - Curb excessive costs in the private sector.
  - Reform the tax subsidy of medical scheme contributions to reduce the indirect funding of the private sector.

The following suggestions were offered in relation to health-care funding:

- Funding of the National Health System through tax funding and mandatory contributions; revenue collection by existing institutions such as the South African Revenue Services (SARS); and pooled funds administered by the South African Social Security Agency (SASSA), or a resource allocation agency, or a central equalisation fund.
- The Government Employees Medical Scheme (GEMS) could be an alternative system for revenue collection, pooling of funds and administration, in which case the Basic Health Care Package could be offered by its low-cost Sapphire option.
- Services could be purchased from both the public and private sectors at affordable rates.
- A capitation payment system could be used with fee-for-service reserved for specified services.
- Affordability, percentage contribution and capitation fees could be determined by costing the basic health care package.

The 2007 draft ANC policy resolution calls for the implementation of a NHI System as a vehicle towards a national health system. The critical question, which we hope to answer as this debate progresses, is what inputs are required to take the process forward. ●

*Ms Claire Botha is a chief research manager in the Policy Analysis unit of the HSRC. The full colloquium report will be available on [hsrc.ac.za](http://hsrc.ac.za) soon.*

# HSRC review

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## TRADITIONAL LEADERSHIP Gone and forgotten?



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