A universal health system for South Africa: a few final words on NHI

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U-turn to precipice

“National Advisory Committee on Consolidation of Financing Arrangements”

Note - going backwards!!!
Noise and negativity

- No money
- Poor quality services
- Not feasible
- Ideologically driven

Unaffordable

- Will burden taxpayers
- Will fail
- Doctors will leave
- Not drawing on strength of medical schemes
- Just trying to kill the private sector
- No capacity

Private sector only good part of health system
Stay away from negative people. They have a problem for every solution.
Shift focus to ...

• Being explicit about:
  – What you want to achieve / what goals
  – How to achieve these goals:
    • What changes
    • With what anticipated effect
    • Pathways from changes to achieving goals
    • Unpack assumptions – feasibility given context, what could go wrong, what needs to be done to stay on track
“Financing systems need to be specifically designed to: provide all people with access to needed health services (including prevention, promotion, treatment and rehabilitation) of sufficient quality to be effective; [and to] ensure that the use of these services does not expose the user to financial hardship.”

2010 World Health Report
Underlying principles

• Universalism

• Social solidarity:
  – Pay according to ability-to-pay
  – Benefit from use of health services according to need
Distribution of need

Underlying principles

- Universalism
- Social solidarity:
  - Benefit from use of health services according to need
  - Pay according to ability-to-pay

<table>
<thead>
<tr>
<th>Payment</th>
<th>Net transfer</th>
<th>Utilisation</th>
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<tbody>
<tr>
<td>Low income</td>
<td></td>
<td>Higher risk</td>
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<tr>
<td>High income</td>
<td></td>
<td>Lower risk</td>
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Explicitly redistributive

EQUALITY

EQUITY
• In almost all countries, there are some differentials due to the rich buying what they perceive to be ‘better’ health care; in countries that are regarded as having a UHS, these differentials are *marginal*

• In the South African context, this requires a movement towards narrowing the differentials in access to quality health services over time
Socio-economic group differentials

Per capita health expenditure, real per capita Rands


Public spending

Schemes
Geographic differences

Provincial PHC expenditure per capita (uninsured) by district, 2013/14

Rand (real 2013/14 prices) [Source: BAS, DHIS, Stats SA]

- A Nzo: DC44
- Nkangala: DC31
- Sekhukhune: DC47
- Capricorn: DC35
- OR Tambo: DC15
- Joe Gqabi: DC14
- Bojanala: DC37
- ZF Mgcawu: DC8
- G Sibande: DC30
- Mopani: DC33
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500 1000 1500

SA average: 814

2013/14 District Health Barometer
Pathways to UHS goals

Health financing arrangements

- Revenue collection
- Pooling
- Purchasing

Benefits

Delivery and management

UHS intermediate objectives

- Equity in resource distribution
- Efficiency
- Transparency & accountability

UHS goals

- Utilisation relative to need
- Quality
- Universal financial protection

Direct effect of financing

Indirect effect of financing

Fulfilling the redistributive potential of the South African health system

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Mandela Initiative SARChI Community of Practice on Poverty and Inequality

www.mandelainitiative.org.za
Improved health & equity

Universal health system

Social determinants

Quality

Financial protection

Changes in transparency & accountability:
- Improved understanding of entitlements
- Public reporting on use of funds & outputs
- Local accountability structures

Changes in efficiency:
- Revenue collection & fund administration efficiency
- Incentives for efficiency in delivery & means to achieve
- Monopsony purchasing

Changes in equity in resource distribution:
- Allocation from single central pool to sub-districts on needs/risk-adjusted basis
- Reduced resource disparities across socio-economic groups

Changes in revenue collection
- Remove user fees at public hospitals
- Increase tax funding over time
- Scheme contributions & OOP payments reduce over time

Changes in purchasing
- Autonomous strategic purchaser
- Purchase comprehensive services from public & private providers
- Contracts with providers on type & quality of services
- Appropriate provider payment mechanisms
- Monitor provider performance

Changes in pooling
- Single pool for universal services
- Top-up scheme cover

Changes in delivery & management
- Delegate management authority to facility level
- Expand and sustain facility infrastructure and health worker training

Changes in transparency & accountability:

Financial protection:

Changes in efficiency:

Changes in equity in resource distribution:

Changes in revenue collection:

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Universal health system

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Utilisation relative to need

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Changes in delivery & management

Universal health system

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Changes in delivery & management:
- Delegate management authority to facility level
- Expand and sustain facility infrastructure and health worker training
Do recognise ...

.... unconducive context

from governance and economic perspectives
Can still move forward

- Pilot delegation of management authority to individual public hospitals and at sub-district level, with local accountability
- Improve access to and quality of services, e.g. CHW program, community distribution of chronic medicines
- Prepare for strategic purchasing, e.g. information systems
Consolidation of funding streams into 5 transitional funding arrangements:

a. The unemployed
b. The informal sector (such as taxi industry; hawkers, domestic workers)
c. Formal Sector employment (bigger business)
d. Formal Sector employment (SMEs)
e. Civil servants (including SOEs, Intelligence Agencies, Defence, Police Service)

Mandatory scheme cover and contributions for all in formal employment & dependents
Stakeholders and improvement strategies

- Improved health & equity
- Universal Social determinants
- Changes in revenue collection
  - Scheme contributions, including from tax funds, increase dramatically
- Changes in pooling
  - Financial protection
  - Changes in efficiency
  - Changes in transparency & accountability
  - Changes in equity in resource distribution
  - Changes in delivery & management
  - Utilisation relative to need

Changes in purchasing
- Several different purchasers, and hence several parallel funding streams and limitations on purchasing power
“where mandatory insurance schemes begin by covering the formal sector, they tend to concentrate resources on a relatively small and economically advantaged part of the population. Such schemes do not naturally “evolve” to include the rest of the population. Instead, the initially covered groups, who tend to be well organized and influential, use their power to increase their benefits and subsidies, rather than to extend the same benefits to the rest of the population.”

(Kutzin 2013)
“It means South Africa has looked at the historical experience of many countries and seems determined to repeat their mistakes” (Anon)

“Insanity: doing the same thing over and over again and expecting different results.”

Albert Einstein
“Universal means universal, so for any country, the appropriate unit of analysis is the entire population and the system as a whole. This is in contrast to being concerned only with financing schemes and their members. There is a difference between a new [or expanding an existing] insurance scheme designed for the purpose of making its members better off, and one intended to serve as an agent of change to improve equity in the use of services, service quality and financial protection for the entire population.”

(Kutzin 2013)