The SA National Health Insurance White Paper is a ‘wan fantasy’ that ignores SA’s ailing economy poor regulatory mechanisms and the role of private schemes, writes Tamar Kahn in a scathing Business Day analysis. Meanwhile, City Press reports, Motsoaledi has criticised the media for ‘rubbishing the public healthcare system by systematic and incessant attacks’.

Kahn writes that Health Minister Aaron Motsoaledi arrived at the ANC policy conference with a “freshly minted policy” on NHI, promising “game-changing reforms that herald affordable quality healthcare for all”.

“Yet, as ever, the policy remains long on promise and short on detail, lacking a credible implementation plan. It has all the air of a job pushed through to appease the minister’s political masters and keep trade union federation Cosatu at bay.

“The Department of Health had held a series of meetings with the private sector and indicated that medical schemes would continue to play a role. This was obviously anathema to Cosatu, which eschews any private sector involvement in NHI.

“The minister and his team have either backed down or, more likely, tried to give the impression they have, as in one breath the paper says medical schemes will be relegated to playing a ‘complementary role’ to a single NHI fund, and in another says ‘individuals will not be allowed to opt out of making the mandatory prepayment towards NHI, though they may choose not to utilise NHI healthcare services’.

“The entire policy is ridden with proposals divorced from reality. Take, for example, the statement that NHI services will be purchased from providers that have been accredited by the Office of
Health Standards Compliance. To date, hardly any government hospitals or clinics have passed muster and their performance has been so dismal the office decided to lower the ‘pass mark’ so it could reduce the number of facilities it needed to reinspect. Moreover, the standards body still doesn’t have the capacity to inspect more than a fraction of the country’s public health facilities each year, has never recommended closing a down an underperforming facility (or even part of one) and has yet to acquire the legal muscle to inspect private healthcare facilities.

“Perhaps the most worrying aspect of the White Paper is that it contains no honest acknowledgement of the reasons for the long queues, dilapidated buildings and shoddy care that characterises so many public health facilities. Provincial health departments received R167bn in the 2016-17 fiscal year, yet weak management and lack of accountability have allowed corruption to flourish and services have all but broken down in many provinces: the oncology disaster in KwaZulu-Natal is just the latest example of how the system has deteriorated under Motsoaledi.

“Bolting a new financing mechanism on top of a fundamentally rotten system is not going to deliver a better deal for patients,” writes Kahn.

A separate Business Day reports notes that the government’s latest White Paper on NHI still refers to the cost projections in the 2011 green paper, which say the annual cost of NHI in 2025 will be R256bn in 2010 terms, assuming the economy grows 3.5% a year. Yet the latest SA Reserve Bank prediction is for GDP growth of a mere 1% in 2017 and 1.5% for 2018.

“I think it is really worrying that we have an official government document with 2010 figures, when supposedly there has been a lot of work done to develop the policy,” said Econex economist Mariné Erasmus. “The lack of acknowledgement of the economic downturn that we are in is really concerning. Even if they just extended the time lines and allowed for a slower implementation period that would have at least given an indication that there was some consideration of the economic climate,” she said.

The report says that Motsoaledi, at the release of the White Paper, emphasised the need to reform health financing to end the deep inequities in the system. By and large wealthier patients have access to private healthcare services, which they pay for via their medical scheme contributions and poorer patients depend on the patchy public health service.

He steered away from discussion about the affordability of NHI, drawing attention instead to the projected R69bn cost of the “priority programmes” for women, children and the elderly that are to be implemented over the next four years, the report says. This could be funded by scrapping the R20bn tax credits provided to South Africa’s 8.8m medical scheme members. “The central philosophy is that we are going to start pooling funds for people who are not on medical aid, starting from the bottom,” he said.
Former finance minister Pravin Gordhan announced in his February budget that an NHI Fund was to be established, which would progressively expand the services it provided. The White Paper goes a step further, with far-reaching proposals that herald sweeping changes to the medical scheme benefits enjoyed by state employees and personal tax increases. It also proposes doing away with the medical scheme subsidies the government gives to its employees and those of state-owned entities. It describes tax scenarios to fund the R71.9bn shortfall (at 2010 prices) required for NHI and says the preferred option would be to supplement general revenue allocations with a 2% payroll tax and a 2% surcharge on taxable income. It does not support increasing VAT.

The report says the white paper also heralds a major shake-up for the medical schemes industry, saying these schemes are to “evolve and consolidate” so that they each provide only one benefit option and ultimately only provide complementary cover to NHI. Schemes covering state employees are to be consolidated into the Government Employees Medical Scheme.

Health director-general Precious Matsoso said NHI would be phased in, but the deadline remained set at 2025. “It is not a big bang approach, it is a journey, a transition,” she said.

Advisory committees would be established to determine NHI patient benefits and how they would be paid for. NHI would require extensive legislative reform, starting with the National Health Act, she is quoted in the report as saying.

Motsoaledi broke down the cost of the implementation phase of NHI over a four year period for all targeted patients irrespective of socio-economic status, an IoL report says:

* R22.8bn (R5.6bn in first year, R5.6bn in second year, R5.7bn in third year, and R5.7bn in fourth year) to be spent on pre-natal care for pregnant women – 8 pre-natal checks (including two CT scans);

* R24.6bn (R4.8bn in first year, R5.8bn in second year, R6.8bn in third year and R7bl-n in fourth year) to be spent on breast cancer treatment;

* R4.9bn (R987.5m in first year, R1.2bn in second year, R1.3bn in third year and R1.4bn in fourth year) to be spent on cervical cancer treatment;

* R5bn (R658m in first year, R920m in second year, R1.7bn in third year, and R1.7bn in fourth year) to be spent on school health;

* R548.5m (R136.1m in first year, R136.7m in second year, R137.4m in third year, and R138.1m in fourth year) to be spent on hip and knee replacements for the elderly;

* R934.7m (R318.1m in first year, R198.8m in second year, R198.8m in third year, and R218.8m in fourth year) to be spent on cataract surgery for the elderly;

* R5.5bn (801.9m in first year, R1.2bn in second year, R1.6bn in third year, and R1.9bn in fourth year) to be spent on the screening, treatment and care of the mentally ill;
R1bn (R42m in first year, R105m in second year, R262.5m in the third year, and R656m in fourth year) to be spent on the treatment and rehabilitation of the disabled; and

R3.6bn (R778.7m in first year, R875.2m in second year, R945.2m in third year, and R1bn in fourth year) to be spent on childhood cancer.

Motsoaledi said it cost the private sector R24,000 to pay for one dose of herceptin, an effective treatment for some forms of breast cancer, with 17 doses being needed. Some medical aids don’t pay for this treatment. “Even people on medical aid and have good employment are struggling,” he said in the report. The minister said by pooling resources and buying the herceptin in bulk would mean the drug would cost less.

Motsoaledi gave examples of how much the public and private sector were paying for vaccines. The Pneumo (pcv13) cost R266 in the public sector while the private sector cost stood at R794.

He emphasised that the NHI represented a policy shift which would require a “massive re-organisation of the current health system, both public and private”.

Currently, South Africa exceeds the World Health Organisation target of spending 5% of GDP (gross domestic product) on health. Motsoaledi said South Africa spends 8.5% of its GDP on healthcare. However, he pointed out that South Africa’s outcomes were worse than other countries who spent less of their GDP on healthcare.

Motsoaledi said the problem was that 4.4% of South Africa’s GDP was spent by the private sector which only caters for 16% of the population, while the remaining 4.1% was spent by the public sector which services 84% of the population.

The report says while it’s still not clear where the money will come from, the minister quoted his former colleague Pravin Gordhan during the February budget speech, repeating that various funding options will be explored, including “possible adjustments to the tax credit on medical scheme contributions”. At the time, Gordhan said further detail would be provided in the medium-term budget policy statement in October this year.

The report says the implementation of NHI will first have to be preceded by legislative amendments and the introduction of a law governing the scheme. The National Health Act, Mental Health Act, Occupational Diseases in Mines and Works Act, Health Professions Act, Traditional Health Practitioners Act, Allied Health Professions Act, Dental Technicians Act, Medical Schemes Act, Medicine and Related Substances Act, and the Nursing Act would be amended, said Motsoaledi. Several laws passed at provincial level relating to healthcare would also be targetted for amendment. “It means all those must be tampered with completely,” the minister said.
“One of the things we going to demand is that teaching hospitals to removed out of provinces. They must be governed nationally.” In addition, Motsoaledi said the face of emergency services would change under NHI. He said a team of specialists, headed by a University of Cape Town medical school professor, travelled the world to do benchmarking when it came to emergency healthcare.

Something which would cause a negative response, said Motsoaledi, was a provision that “all ambulances must have the same colour” so the country doesn’t have “so many diverse services”. He said they’ve already received push back from companies saying their branding and business rights would be infringed. “We do not accept that we are not allowed to do that,” said the minister adding that these provisions would give effect to Section 27 (3) of the Constitution which provides that no one can be refused emergency medical treatment.

The report says changes to medical schemes would include the introduction of a Single Service Benefit Framework, which would reduce the number of options per scheme, by April next year. Prescribed Minimum Benefits (PMBs) would also be aligned to “NHI service benefits”. Pricing regulation would also be established under NHI, to have “one standard price for services”. Co-payments and balanced billing would also be eliminated by January 2019. “The reform of PMBs has already started. The Council for Medical Schemes have started consultations. We will be working with them on that,” said Matsoso.

Matsoso is quoted in the report as saying that several preparatory platforms would be set up in the next few months as the country moves towards the NHI implementation phase. This includes a National Tertiary Health Services Technical Implementation Committee, a National Governing Body on Training and Development (to set clear guidelines on how accreditation happens), Ministerial Advisory Committee on Health Care Benefits for NHI (for the initial phase targeting women, children, the elderly and people with disabilities), a Ministerial Advisory Committee on Health Technology Assessment NHI, National Health Pricing Advisory Committee (to help with regulation of prices in healthcare), National Advisory Committee on Consolidation of Financing Arrangements (to reduce the current fragmentation of funding in health sector).

The government has ignored about 100 critical earlier submissions in the latest iteration of the NHI White Paper. According to a report in Rapport, the final version does not address several issues raised about the previous draft.

Section27 said in the previous round that the health system was simply not ready for the NHI, that there was ‘little doubt’ the scheme could not be implemented by 2025 and that the pilot projects had turned out to be a disaster.
The final White Paper didn't extend the implementation framework considerably, and made only one reference to the disastrous pilot programmes – that 'valuable lessons' were learnt, notes the report.

Professor Alex van der Heeven, a health economist at Wits University, who was closely involved in the design process, is quoted as saying the pilot projects remain a failure in 2017. He believes Motsoaledi was under pressure on the eve of the ANC’s policy conference to table a final plan and caved in to the pressure from Cosatu, which labelled recent NHI developments that took a softer stance on medical schemes as 'treason'.

In terms of Motsoaledi’s framework, medical schemes will have to design a single benefits plan by April next year. Currently, large funds such as Discovery offer 23 benefit plans.

The proposal to set all tariffs that medical service providers may charge has raised fears that doctors and specialists may opt out and leave the industry or the country, a Netwerk24 report notes. Furthermore, there is unhappiness with plans to reimburse doctors ‘at a higher rate than current public healthcare services, but lower than most tariffs in the private sector’.

Profmed CEO Graham Anderson says this will not be well received by the medical industry. Lobby group AfriBusiness said the White Paper may lead to a brain drain of medical professionals and general dissatisfaction among patients. ‘It seems the government is trying to nationalise healthcare by removing the divide between the private and public healthcare,’ it said.

At the briefing, City Press reports, meanwhile, that Motsoaledi digressed from giving details on the NHI White Paper that was approved by Cabinet and took the opportunity to take a swipe at the country’s media. “We invited you here today to release to you and to the nation, the policy document on the National Health Insurance (NHI) after its approval by the Cabinet on 21 June. But before I do so, I want to deal with other matters of national importance in health, which have emerged over the past few weeks all over the media, both print and electronic,” said Motsoaledi.

The health minister expressed disappointment at media reporting directed at his department over the past few weeks. “We firmly believe that the people who raise these issues in the media have no intention at all to inform the public, but have every intention to rubbish the public healthcare system in the country by systematic and incessant attacks,” said the minister.

The report says these remarks were directed to reports ranging from claims that there are numerous unemployed doctors looking for employment but are just sitting at home because the
government is not willing to employ them, to the rubbishing of the college of medicine of South Africa.

Spokesperson to the minister, Joe Maila, explained that citizens were wary of the NHI due a lack of confidence in the country’s health sector. "The manner in which the minister spoke to specific issues that negatively portray the country’s health care is actually another way of addressing the National Health Insurance issue," said Maila.

This lack of confidence according to the spokesperson is due to persistent negative reporting from the media hence the reason why the minister had to first dispel these reports through specifically addressing different claims that have recently emerged in the media.