health
Department:
Health
REPUBLIC OF SOUTH AFRICA

Questions and Answers on National Health Insurance

Q: What is NHI (National Health Insurance)?

NHI is a healthcare financing system that ensures that every member of the population is covered to access quality health care services. Many Governments are faced with the problem of looking for a fair health care financing system for their populations. Hence different countries have approached the mechanism of health care financing according to existing factors within their countries. But the bottom line is that every citizen in every country deserves quality health care and financing is always a problem.

In our country, financing of healthcare is presently through a system of medical schemes and various hospital cash plans but this benefits only a privileged few. People who are so covered are mostly those who are employed and fall within the middle to upper income class and are relatively well paid.

The low income groups and the unemployed are not covered at all.

NHI is a mechanism which attempts to give cover to all and sundry.

Q: Why does South Africa need National Health Insurance?

Health care is a human right that every one of us is entitled to – this is a widely accepted international principle. This right should not depend on how rich we are or where we happen to live. The right to obtain healthcare is written into our Constitution.

Government has tried its utmost since 1994 to ensure that everyone in this country has equitable access to necessary healthcare services. Despite this, there are still serious challenges mainly caused by a skewed health care financing system. Without NHI, the

burden of disease in the country will not be reduced because the majority of the population will not access good quality health care.

But even for the minority that is covered by medical schemes, access to good quality healthcare has become an everyday struggle because **private medical costs have skyrocketed** in the last decade or so. In an attempt to keep pace with sky high prices levied by private health care providers especially private hospitals, medical aid schemes have increased member contributions every single year by figures way above Consumer Price Index (CPIX). This means that these increases are not in keeping with the wages that people earn.

However, even this did not help. Hence medical schemes have resorted to decreasing members' benefits such that these benefits become exhausted midyear or towards the end of the year.

The 2008 World Health Report of the World Health Organization (WHO) details three (3) trends that undermine the improvement of health outcomes globally, namely:

- Hospi-centrism which has strong curative focus
- Fragmentation in approach which may be related to programmes or service delivery
- Uncontrolled commercialism which undermines health as a public good

Whilst the first two are also a problem that South Africa is trying to deal with, it is the ***uncontrolled commercialism*** that has caused the biggest problem in the South African health system.

Since NHI is not meant to be a profit-making venture, this element of uncontrolled commercialism will not play the destructive role that it is playing currently. NHI will ensure that health is provided as a public good rather than a mere commercial commodity.

Q: When NHI is implemented, will private medical schemes be abolished?

No, it is not the intention of Government to abolish private medical schemes if individuals members wish to keep them. However, once NHI is implemented, it becomes mandatory for all citizens, meaning no one can opt out of it even if they still wish to keep their private medical aids schemes.

Q: What healthcare services will be funded by NHI?

The NHI will offer all South Africans and legal residents access to a defined package of comprehensive health services. The state is committed to offering as wide a range of services as possible. Although the NHI service package will not include anything and everything, it will offer care at all levels, from primary health care, to specialized secondary care, and highly specialized tertiary and quaternary levels of care. The NHI package will exclude amongst others:

- Unnecessary cosmetic surgery that is not medically indicated but done as a matter of choice e.g. Botox, liposuction and face-lifts
- Expensive dental procedures performed for aesthetic purposes
- Expensive eye-care devices like trendy spectacle frames
- Medicines not included in the National Essential Drug List except in circumstances where the complimentary list has been approved by the Minister of Health
- Diagnostic procedures outside the approved guidelines and protocols as advised by expert groups.

The services provided will cover preventative, promotive, curative and rehabilitative health services. It is important to note that emphasis will be placed on prevention of disease and promotion of health. The present health care system places undue focus on curing of disease and performance of procedures when people have already complicated.

Q: Is NHI an affordable system?

This question has been asked many times in the past two years. Many detractors of NHI who regard themselves as experts have argued that NHI is a very expensive system. We argue very strongly that it is actually the present health care system that is extremely expensive. We have already defined it in various fora as unsustainable, destructive, hospi-centric and curative in nature. That is why the system is spending 8.5% of the GDP on

health, which is much higher than in many middle income countries but only benefits 16% of the population. That to us is what is expensive.

We also need to point upfront that the exorbitant artificial fees that are currently being levied in the private hospitals will never be permitted under NHI. No health care financing system on earth whether NHI or not will survive such exorbitant fees. The so-called experts are basing their cost estimates on this current unsustainable pricing structure of private health care. More so, in addition to the exorbitant fees demanded by private health care providers, the medical scheme industry has also given birth to lots of non-health related costs such as huge administrators' fees, over-supply of brokers who are disproportionate to the membership and increasing managed care costs.

Note that this issue of pricing has even been discussed by Parliaments' Portfolio Committee on Health and the general conclusion arrived at is that it is too expensive. Because NHI has got no profit motive in it, but its agenda is provision of health care, it will not be as expansive as the present system.

Q: Will the NHI destroy the private sector?

No, the NHI is not intended to destroy the private sector. It will actually make the sector more sustainable by making it levy reasonable fees. The intention of NHI is rather to make sure that citizens are able to utilize both the public and private sectors in such a way that they complement each other rather than one destroying the other. At the present moment, private health care is only for the rich and mighty. NHI is trying to blend the two in a more sustainable manner that benefits the population.

Q: Will private health care providers be forced to contract with NHI?

Not at all. Participation in NHI is solely a matter of choice of an individual health provider. However for our part, if they choose to participate, they need to meet certain requirements that shall be prescribed under the NHI policy. Such requirements will include compliance with quality standards, provision of a package of services such a s prevention of diseases and promotion of health care, acceptance of capitation as against fee for service and appropriate pricing mechanism.

Q: Will the NHI provide adequate cover compared to current medical scheme benefits?

Yes the NHI benefit package will be comprehensive. It is important to bear in mind that the NHI benefits are not confined like most current medical scheme benefits. In the present system of medical aid, in a desperate attempt to contain the escalating prices, a lot of benefits have been reduced. Furthermore, a system of co-payments whereby costs which the medical scheme is not prepared to cover because they are regarded as too expensive are simply pushed back to the patient. Service providers like private hospitals and specialist then resort to sending individual patients legal letters of demand to pay what their medical aids are refusing to pay.

The Council of Medical Schemes (a Statutory Body established to regulate medical aid schemes) in trying to protect consumers, came up with a system of what is called Prescribed Minimum Benefits (PMB's). This is s group of 25 diagnosis and 275 conditions which by instruction of Council of Medical Schemes (CMS), medical aids need to pay for in full. Not all diseases are included in this group leaving their sufferers to pay out of their own pockets even whilst they are still contributing to a medical scheme.

So unsustainable is this issue of PMB's and co-payments such that currently there is a court case pending between the Association of Medical Schemes represented by the Board of Healthcare Funders (BHF) and the CMS. This challenge in this court case is about the system of PMB's and its failure to balance between the health of an individual as a right and the desire by medical schemes to be sustainable. The fact remains that people cannot choose the disease they suffer from and hence this will remain a problem.

Under NHI this problem will not exist since NHI has no intention to choose between diseases in order to remain sustainable. Hence the range of benefits will be much better than under the present system

Q: How will the quality of healthcare be ensured under the NHI?

Quality will be ensured through two mechanisms:

Firstly there needs to be a radical improvement in the quality of services in the public health facilities. This means massive investment in improvement of health infrastructure, both buildings and equipment. In each individual health institution, certain basic core standards must be complied with:

- Cleanliness

- Reduction in waiting times (dealing with long queues)
- Availability of medicines and supplies (dealing with drug stock-outs)
- Safety and security of staff and patients
- Infection prevention and control
- Positive and caring attitudes of staff

To ensure that these standards are adhered to, an independent *"watchdog"* body called the Office of Health Standards Compliance will be established by an Act of Parliament. This Office will have three units:

- **Inspectorate** (This Unit will go to hospitals unannounced to make sure that the core standards are adhered to)
- **Certification** (This Unit develop further norms and standards and certify facilities that comply)
- **Ombudsperson** (This Unit will investigate complaints from members of the public who feel they have been badly treated in a healthcare institution or by an individual health worker)

The first ten inspectors have already been appointed to start preparatory work. The Bill to establish the Office has already been approved by Cabinet and it is ready to enter the Parliamentary process.

Secondly there needs to be a radical change of health care management within the public health care system in line with item 4 of the 10 Point Programme of the Department of Health: *"Overhauling the health care system and improve its management".* To commence this process the Department of Health has re-designated public sector hospitals into 5 categories:

- **District Hospitals**-This is the smallest type of hospital which provides general medical care. In terms of specialist care, they are limited to four basic areas namely:
    - Obstetrics and Gynaecology
    - Paediatrics and Child Health
    - General Surgery
    - Family Medicine

- **Regional Hospitals**- This is a referral hospital that provides a wider scope of specialist care but not exceeding the following:
    - Obstetrics and Gynaecology
    - Paediatrics and Child Health
    - General Surgery
    - Internal Medicine
    - Orthopaedics
    - Anaesthetics
    - Psychiatry
    - Diagnostic Radiology
- **Tertiary Hospitals**-This refers to a referral hospitals that in addition to services provided at Regional hospitals, also provide super-specialities such as:
    - Cardiology
    - Cardiothoracic surgery
    - Craniofacial surgery
    - Diagnostic radiology
    - Ear, Nose and Throat
    - Endocrinology
    - Haematology
    - Human genetics
- **Central Hospitals-**These are national referral hospitals that are attached to a medical school and provide a training platform for the training of health professionals and research. Over and above the services that are provided in tertiary hospitals, they also provide highly specialized services such transplant surgery.
- **Specialized Hospitals-** These include hospitals that provide special services such as TB, Psychiatric care and rehabilitative services.

All these institutions will then be managed by individuals with specific skills, competencies and appropriate qualifications at an appropriate level of management (Regulations on Hospital Designations and a list of Hospitals with their appropriate designations; and Policy document on Management of Hospitals will be gazetted on 11th August 2011 for public comments).

Q: Will it be legal to offer/secure healthcare outside of the NHI?
If people can afford to buy private healthcare, will they have to participate in NHI?

We need to make a distinction between a citizen participating in the NHI as a contributor and a citizen participating in NHI as a patient.

If you earn above a certain income you will be required by law to make a contribution to the NHI Fund. It will not be possible to opt out of this responsibility.

However as a patient, if you wish to make use of services of a health care provider who is not accredited and/or who chooses not to contract to NHI, you would have to pay the provider directly or else maintain medical scheme cover (in addition to making NHI contributions).

Q: What are the processes going forward after the publication of this White paper?

The purpose of this White Paper is to outline the broad policy proposals for the implementation of NHI. The document is published for public comment and engagement on the broad principles. After the consultation process the policy document will be finalized. Thereafter draft legislation will be developed and published for public engagement. After public engagement the legislation will be finalized and submitted to Parliament for consideration. After Parliamentary approval, the Bill has to be approved by the President of the Republic.

Q: What will happen in April 2012?

Piloting of NHI will commence in ten (10) selected districts. The Department of health is busy conducting an audit of all public health facilities in our country. The 10 districts will be selected based on the results of the audit. In the selection consideration will be given to a combination of factors such as health profiles, demographics, health delivery performance,

management of health institutions, income levels and social determinants of health and compliance with quality standards.

Q: What will happen in the first five years of NHI implementation?

The first 5 years of NHI will include piloting and strengthening the health system in the following areas:

- Management of health facilities and health districts
- Quality improvement
- Infrastructure development
- Medical devices including equipment
- Human Resources planning, development and management
- Information management and systems support
- Establishment of an NHI Fund

Q: Will people be required to pay NHI contributions in 2012?

No, 2012 will be a year in which we start piloting NHI whereby we will test how the service benefits will be designed, how the population will be covered and how the services will be delivered. Hence a Conditional Grant will be provided for in 2012 to fund the pilots.