



## History

### Health Economics Unit

University of Cape Town

School of Public Health and Family Medicine



The development of the Health Economics Unit (HEU) was made possible by the recruitment of a health economist (Professor Di McIntyre) to work in the School of Public Health and Family Medicine at UCT in the late 1980s. A number of public health specialists (Drs Steve Taylor, William Pick and Max Bachmann) collaborated with Prof McIntyre to establish the HEU at the beginning of 1990.

The unit was initially envisioned as primarily a research organisation, but the urgent need for developing health economics capacity both within South Africa and the African region more generally was soon recognised and training activities were initiated. From modest beginnings of a single full-time health economist and part-time inputs from supportive public health colleagues, the HEU has developed a thriving and diverse research portfolio, substantive postgraduate programmes at the masters and doctoral level and extensive technical support activities.

The HEU has contributed substantially to developing health economics capacity within Africa and is recognised as one of the pre-eminent health economics institutions within low- and middle-income countries.

#### Research projects

The HEU has been involved in a wide range of health economics research since its inception. The research it undertakes has always been closely aligned with priorities identified by the national and provincial health departments and forms the basis of much of the technical support to government departments and other organisations. Over the years, the HEU has conducted research in the following areas:

- Health care expenditure and financing
- Equitable allocation in public health care
- Alternative financing mechanisms
- Public-private mix issues
- Economic evaluation
- Health care human resources

#### Health care expenditure and financing

One of the first projects initiated was documenting and analysing health care expenditure and financing in South Africa. This has continued to be a key research focus with the HEU taking a leading role in both the first national Health Expenditure Review and the National Health Accounts project. The former was critical in identifying the key health sector challenges facing the new government and in informing policy development while the latter has contributed to evaluating the impact of these policies and identifying areas for policy refinement.

### **Equitable allocation in public health care**

The HEU has also been extensively involved in research and technical support on the equitable allocation of limited public sector health care resources. Initially, this took the form of consideration of alternative needs-based resource allocation formulae within the health sector. More recently, this has focused on mechanisms for promoting equity within a fiscal federal context which includes analysing the distribution of material and social deprivation in South Africa and exploring how this could be incorporated into Treasury's inter-provincial 'equitable shares'. The HEU has also researched measures to promote the equitable allocation of health care resources between districts within provinces as well as equity in financing of local government health services. Ongoing work around equity includes documenting the extent of and contributory factors to inequities in health status and health care utilisation, and evaluating the equity impact of existing and potential future health and related policies at a macro and household level.

### **Alternative financing mechanisms**

Another focus area for the HEU has been alternative financing mechanisms. Considerable research has been undertaken on user fees which provided the empirical basis for policy recommendations to remove fees on primary health care services in South Africa. In addition, the HEU has been involved in critically analysing social health insurance options. This research has been fed into policy deliberations, particularly through HEU staff participating in key policy committees such as the 1994 Health Care Financing Committee and the 1995 Committee of Inquiry into a National Health Insurance System. Unsurprisingly given the policy focus of HEU research and technical support, policy analysis has consistently been a key focus of our work. This has included retrospective critical analyses of policy development and implementation processes as well as prospective stakeholder analyses to promote successful implementation of policies.

### **Public-private mix issues**

Public-private mix issues have also formed an important component of HEU research. There have been detailed analyses of public and private health sector financing and expenditure and evaluations of the cost and quality of primary care services (general and specific, such as those for tuberculosis) by comparing direct public sector provision and contracting with private providers. Again, this research has formed an important basis for involvement in policy processes, such as the national Department of Health's Public-Private Interactions Task Team.

### **Economic evaluation**

Economic evaluation has been another core component of HEU research over the years. This work has focused on cost-effectiveness analysis of alternative interventions for the three major global public health problems (AIDS, TB and malaria) but has also included other issues such as breast cancer, termination of pregnancy and potable water supplies.

### **Health care human resources**

A final area of research is in health care human resources, including evaluation of community health worker programmes, the costs and financing of health personnel training, health worker motivation issues and the effects of the WTO General Agreement on Trade in Services on health worker migration.

### **Training history**

#### **Postgraduate Diploma in Health Management**

The first formal training programme introduced by the HEU was a Postgraduate Diploma in Health Management (economics and financial planning) in 1993. This programme was introduced in

response to a perceived need to develop management capacity in order to assist in the transformation of the SA health system after the first democratic elections.

### **Health Economics Masters programme**

A testament to the success of this programme and its successor, the Oliver Tambo Fellowship programme is that graduates include a high proportion of senior public sector health managers. In recognition of the need to develop specialist health economics expertise within the African region, the HEU initiated a Health Economics Masters programme in 1996, in collaboration with the School of Economics at the University of Cape Town and with seed funding provided by the World Health Organisation. The Masters programme was extended to 1999 to include participants with backgrounds in the health sciences and in non-economics social sciences, through the School of Public Health's Masters in Public Health programme. These programmes have made a substantial contribution to developing a critical mass of health economists within Africa.

### **Short courses**

The HEU has also been involved in various short courses, which have been attended by participants from a range of African countries including a three-week "Health Economics and Financing" short course run collaboratively by HEU and the Centre for Health Policy (University of Witwatersrand). The HEU and CHP also developed materials for and facilitated an African regional course as part of the World Bank's "Flagship Programme on Health Sector Reform and Sustainable Financing".

### **Capacity development**

These formal programmes are complemented by the Health Economics and Policy Network in Africa (HEPNet), which is co-ordinated by the HEU in collaboration with the Centre for Health Policy. HEPNet is an initiative to develop and sustain health economics and policy capacity within regional institutions in a way that supports the sectoral restructuring initiatives of Ministries of Health.

Capacity development in the form of 'on-the-job' training has also been a focus of the HEU since its inception. A research internship programme was formed to recruit South Africans from historically disadvantaged backgrounds. Each intern is assigned a mentor and receives extensive 'on-the-job' training while participating in HEU research projects. A considerable portion of each intern's time is devoted to undertaking further studies. This has been an important contribution to developing a critical mass of health economists within SA.