

# OVERCOMING APARTHEID HEALTH CARE TO ACHIEVE EQUITABLE ACCESS TO ANTIRETROVIRAL THERAPY

Exploring resource requirements in South Africa



The research presented in this policy brief was conducted by Sue Cleary and Di McIntyre.

The authors are based at the Health Economics Unit - University of Cape Town in South Africa - part of the Consortium for Research on Equitable Health Systems (CREHS) and funded by the Department for International Development (DFID) UK.

This policy brief is based on a research report "Financing equitable access to ART in South Africa". For more information about this publication please contact Sue Cleary, email: susan.cleary@uct.ac.za

## INTRODUCTION

Achieving the health Millennium Development Goals (MDGs) including the scaling up of HIV-treatment requires increased domestic resources, better coordinated funding flows as well as an overall focus on health systems' strengthening (Taskforce on Innovative International Financing for Health Systems, 2009).

In South Africa, the respectable 7% of GDP spent on health care masks a highly unequal distribution of resources between the public and private health systems. Approximately 3.2% of GDP is spent within the public sector where the majority poor access care. The remainder is spent in the private sector where the minority rich - about 16% of the population - access health care primarily via voluntary health insurance. It is this former, highly constrained public system that faces the greatest burden of responding to the HIV-epidemic.

Given the current inadequate public health sector resourcing, plans are underway to implement a Universal Coverage (UC) system. The broad vision is to focus efforts on rebuilding the public health sector to the point that it once again becomes the provider of choice for the majority.



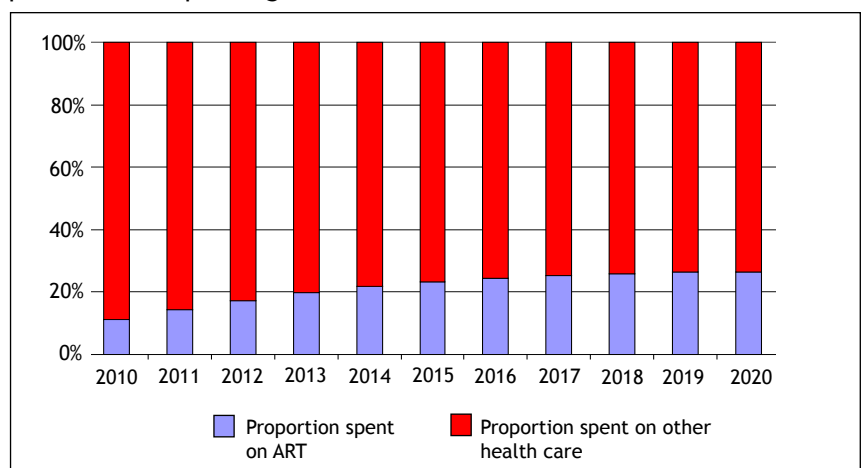
Photo courtesy of Brendon Geach (WHO/TDR)

## KEY FINDINGS

### ART RESOURCE NEEDS AS A PROPORTION OF THE CURRENT PUBLIC HEALTH SYSTEM

- During the calendar year of 2007, approximately US\$8.7 billion was spent in the public healthcare system, of which around 4% would have been required to support the ART programme and related care (inpatient care, treatment for tuberculosis, etc).
- If high coverage of those in need of ART is maintained and if the growth in funding to the public healthcare system keeps pace with projected real growth in GDP, then close to 30% of these resources would be required for ART by 2020 (see Figure 1).

Figure 1: Annual ART costs 2010-2020 as a proportion of baseline 2007 public health spending



## RESEARCH QUESTION

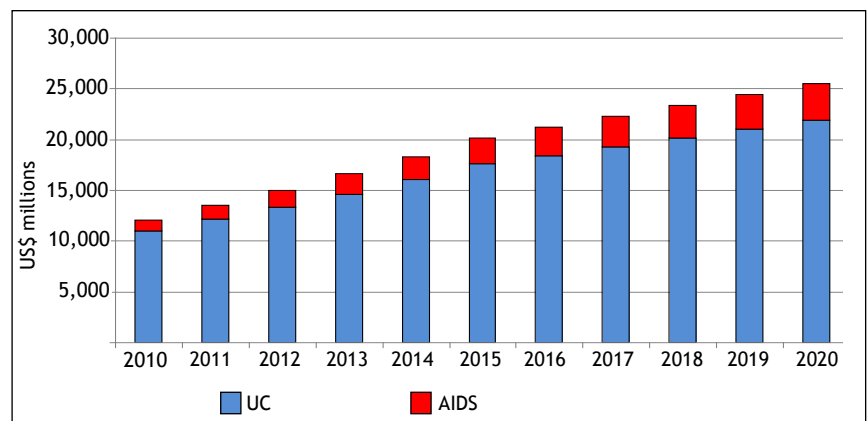
The research explores the affordability of equitable access to ART in South Africa by and beyond 2020 within the context of the proposed UC system.

The focus is on total and annual costs of ART, which are compared to both the current expenditure levels in the public health system and with proposed expenditure levels required within a UC system.

## ART RESOURCE NEEDS WITHIN THE CONTEXT OF UNIVERSAL COVERAGE

- The UC scenario, including ART costs, would require total system expenditure to more than double in real terms from 2010 to 2020.
- Increases are phased in rapidly initially, with 12% higher real expenditure in 2011 than in 2010.
- The rate of increase will fall over the period, to reach around 5% by 2016 and 4% by 2020. ART expenditure is 12.7% of total expenditure over the period, ranging from nearly 9% in 2010 to slightly more than 14% in 2020.

Figure 2: UC and ART annual costs 2010-2020



## POLICY IMPLICATIONS

### Sustaining access to ART at current resource levels

- Unless additional resources are available in the public health system, great caution should be exercised before changing the current ART guidelines to include more effective forms of care that are more costly. Examples include starting ART earlier (e.g. CD4>200 cells/ml) or including more expensive drugs.
- Because these interventions are not more cost-effective (Badri, Cleary et al. 2006), their introduction will have implications for equitable access.

### Providing access to ART in the context of a UC system

- The proportion of total expenditure on ART would be a maximum of just over 14% in 2020 and an average of 12.7% over the period.
- This seems a far more manageable challenge than providing ART in the absence of a UC system.

### Challenges in implementing a UC system

- The extent to which the allocation from general tax revenue to the health sector can continue to grow without increasing income tax rates is dependent on sustained, strong, economic growth.
- One potential source of increasing tax revenue is the proposed removal of tax deductibility of medical scheme contributions, the value of which was estimated to be almost US\$ 2 billion in 2007 (McIntyre, McLeod et al. 2005).
- There will be a need to carefully phase in any changes, to ensure that the absorptive capacity of the health system is not exceeded.
- International experience demonstrates that the policy development and implementation process will require careful management (Castiglioni 2001; Thomas and Gilson 2004; Kwon and Reich 2005).

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