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An NHI to really reverse the rot

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THE African National Congress's (ANC's) proposed National Health Insurance (NHI) scheme is starting to take shape and, as predicted, practical considerations have forced its architects to tone down their ambitions, particularly with regard to the time line.

The plan is now to implement the NHI in stages over a period of 14 years, starting in 2012 with a five-year phase focusing on rural areas, where the need for public health facilities is universally recognised to be most acute. The importance of improving the efficiency and reach of primary healthcare is emphasised, as it should be.

The aim is to implement the scheme in parallel with a much- needed "health system strengthening plan" involving the improvement, expansion and revitalisation of public healthcare facilities and services. This too is a welcome refinement of the original proposals, which were criticised for glossing over the widely acknowledged fact that state hospitals have been terribly neglected and appallingly managed over the past decade and a half, and cannot cope with the increase in demand that will inevitably follow the introduction of free and universal coverage.

Prof Di McIntyre, who works in the University of Cape Town's health economics unit and has been advising the government on the NHI, observes that state spending on health care has not kept pace with inflation and population growth, let alone the AIDS epidemic. Expenditure returned to 1996 levels only in 2005 and, although health budgets have risen in recent years, severe underfunding has taken its toll on both staff morale and the state of buildings and on medical equipment.

Partly because of this, the private health sector has mushroomed, with private healthcare providers and facilities absorbing an increasing proportion of the country's total health spending. The main aim of the NHI is to reverse this trend by diverting the bulk of these funds back towards the public sector, which would go a long way towards improving and expanding state health infrastructure — if the injection of funds is used wisely.

Hence the compulsory nature of the proposed NHI scheme. The ANC says existing medical scheme members will pay less to the NHI each month than they are to private scheme administrators at present, although no promises are made that service levels will be of the same standard. Individuals who can afford to maintain their private coverage will undoubtedly do so, at least until the NHI system is bedded down and the level of service on offer can be ascertained.

While participation in the NHI will not be compulsory for practitioners, hospitals and others in the private sector, in practice it is likely that the majority will go on board. If the bulk of a general practitioner's existing medical scheme patients are forced to discontinue their membership for reasons of affordability, he or she will have little choice but to follow them into the NHI system.

This does not seem a particularly good deal for the middle class, who face either receiving less health coverage for the same money, or being forced to contribute to both the NHI and a medical aid if they want to maintain existing private sector service levels. On the other hand, it is widely acknowledged that while

private health services in SA are generally top notch, soaring costs have made membership of medical aids prohibitively expensive.

As Prof McIntyre points out, medical scheme contributions have increased at a rate far exceeding inflation since the 1980s, yet coverage has declined and members have been hit with escalating co-payments.

As much as medical scheme members might prefer private healthcare, its sustainability is questionable.

A recent national household survey found that 71% of medical scheme members would join a public health insurance scheme if the monthly contributions were less than for existing medical schemes.

The key to the success or failure of the NHI is vastly improved public sector efficiency, not only in the administration of existing public health facilities but also in expenditure on infrastructure and skills development. The government's track record in these areas is atrocious, and throwing money at the problems will not make them go away.

Many of the provincial health departments are in such chaos that entrusting them with vastly expanded budgets with which to implement the NHI would be nothing short of criminal. Relieving them of their powers would require a constitutional amendment, but it must happen. The NHI must be run from the centre.

The ANC document suggests that managers of public healthcare facilities will be given greater autonomy, which would help circumvent provincial incompetence. But it presupposes that they — and their medical staff — have the required skills and motivation to lift standards, which is doubtful.

If the ANC wants to encourage private sector participation in the NHI, the obvious solution to the state's capacity problem is to outsource the management of selected public hospitals to the private hospital groups, which is where the required skills reside.

Entrusting to the provinces the vastly expanded budgets with which to fund the NHI would be nothing short of criminal

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