



Some Key Messages on National Health Insurance (NHI)

Social Solidarity for quality health care for all

National Health Insurance is a way of providing good healthcare for all by sharing the money available for healthcare among all our people. The health benefits that you receive will depend on how sick you are, not on how wealthy you are.

Hospitals, clinics, doctors, specialists, dentists, nurses and all other health workers will also be available to provide services to all much more equally. It all depends on our willingness to SHARE as ONE NATION. If we can feel and act in unity about football and rugby, surely, we can do the same when it comes to matters of life and death, health and illness. National Health Insurance, known as NHI, is a chance for South Africans to join hands in a way that really counts.

None of us would like a fellow human being to die, become disabled or live in pain just because he or she could not get decent healthcare. But this is happening in our country where poor people often have second rate healthcare while wealthier people can pay for good treatment. South Africans from all walks of life and all parts of our country have the power to change this tragic situation.

In summary, what is NHI?

NHI (National Health Insurance) is a health financing system that is designed to pool funds to provide access to quality affordable personal health services for **All** South Africans based on their health needs, **irrespective of their socio-economic status.**

The World Health Organisation (WHO) and the United Nations call it Universal Health Coverage (UHC) because nobody is left behind. UHC "is a set of objectives that health systems pursue; it is not a scheme or a particular set of arrangements in the health system. Making progress towards UHC is not inherently synonymous with increasing the percentage of the population in an explicit insurance scheme." World Health Organization, 2013. NHI is not like a medical scheme. NHI will be for all South Africans in keeping with the fact that health is a right in the Constitution and hence cannot be for a selected few.

In NHI your socio-economic status will not matter but your health needs will determine what form of service you get.

What are the main objectives of the NHI?

NHI aims to achieve Universal Health Coverage for all South Africans. This specifically refers to financial health coverage. It aims to provide equity and social solidarity through pooling of risks and funds.

It will create one public health fund with adequate resources to plan for and effectively meet health needs of the entire population not just for a selected few.

Under the NHI regime, will there still be private medical aid schemes?

Private Medical schemes will continue to exist, but their role will change. When the NHI is fully implemented they will provide cover for services not reimbursable by the NHI Fund. Medical schemes are voluntary organisation and they will remain as such.

What about private health care providers, will they continue to operate? If yes, what will be different?

Let me first clarify two different concepts which usually confuse many people .Private health care has two very distinct and different arms usually owned and operated by different groups:

- **One arm is called Health care funders:** These are mostly medical aid schemes, but other funders include hospital plans, and hospital cash plans. They pay for you when you are sick.
- **The other arm is called Health care providers:** These are mostly private hospitals. But they also include private specialists and General Practitioners as well as allied health professionals in private practice (Optometrists, Physiotherapists, Occupational Therapists, Speech Therapist, Dental Therapists and Oral Hygienists etc.).

They provide you with health care and the funder to which you belong pay for you.

The private health care providers will definitely continue to operate. Contrary to popular belief, NHI is not going to abolish or do away with Private health providers. However, they will operate under a completely different environment created by NHI.

For instance, NHI will not allow them to charge the exorbitant fees they are charging today, especially the private hospitals.

Certain practices will not be allowed under NHI. For instance, a health care provider will not be allowed to start treating you and then

discard you and send you away after he/she has exhausted all your funds.

Why do we need NHI?

Because our country believes that access to healthcare is a human right.

This means every single one of us is entitled to receive healthcare, and this should not depend on how rich we are or where we happen to live.

The current two-tier healthcare system has a number of problems including inequity, hospicentric care, high cost, poor outcomes and inefficient. The NHI is intended to address these problems.

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 healthcare. Our government health budget has kept increasing and our network of public hospitals and clinics has grown

But still there are communities in rural areas that cannot easily obtain care. Many residents in our major cities rely on overcrowded public health facilities with too few health professionals and poor equipment.

In short, many people cannot yet get the care that they need.

By changing the way our country pays for healthcare, NHI will improve access to services for the majority of people.

Private ambulance providers will no longer be allowed to pick up only people who have medical aid, credit card or cash, at the scene of an accident and leave behind the poor. Section 27(3) of the Constitution will strictly be applied under NHI.

It simply states that nobody may be refused emergency medical treatment.

Under NHI, private providers will no longer be allowed to charge you extra cash called co-payment after NHI has paid them. Under the present system, a private provider may charge you extra cash up and above what your medical aid has paid them.

Critics of the NHI say Government wants to disrupt a private health care system that is working well and that Government should leave the private health care alone as this reduces the burden of providing health care from the State. What is your response?

It is definitely not true that the private health care is a system that is working well. This assertion is a simplification of facts. For starters, a system of health cannot be said to be working well when it serves only a tiny minority in the population (only 16% of South Africans) and excludes the overwhelming majority (84% of South Africans).

Secondly, the cost of private health care is spiralling out of control with the results that the medical aid contributions (premiums) are increasing more than CPIX (Consumer Price Index) while the benefits to patients are reducing at a very fast pace. This is the only sector in the socio-economic arena that is behaving so. By 2030, if nothing is done to financially protect households, middle income households are likely to spend a third of their income on premiums for medical aid. Government cannot simply sit by and watch this happen.

Most members of medical aid schemes run out of benefits and are no longer covered from as early as June until the end of the year.

You cannot therefore claim that a system is working well when that system can take you out of the ICU while you are still very sick, simply because your benefits have been exhausted.

Lastly, medical aid schemes are actually collapsing under the weight of the high medical costs. In 2002 there were 141 medical aid schemes. Today we are left with 83 and still counting down.

General practitioners (GPs) are systematically being taken out of practice because they are simply not paid or are paid very little by medical

aid schemes compared to private hospitals. That is not a system that can be left alone!

Actually the National Development Plan (NDP) states that if we need to fix the health system, we need to deal with two (2) problems. Firstly, to deal with the exorbitant cost of private health care.

Secondly we need to deal with the problems of the quality of the public health system.

As you can see, both systems need to be fixed - not only the public health system.

It is for this reason that paragraph 2 of the NHI policy document states: "NHI represents a substantial policy shift that will necessitate a massive reorganisation of the current health care system, both public and private, and also derives its mandate from the National Development Plan (NDP) of the country".

Why do we need NHI?

Because we want a healthcare system that is fair and equal.

While we are trying to build a more equal society, healthcare is very unequal. The amount spent on the healthcare of each person with medical aid is five times the amount that is spent on each person who relies entirely on public health facilities.

The funding gap translates into a major gap in the standard of healthcare available to the rich and the poor.

While eight out of 10 patients depend on public clinics and hospitals, the bulk of the country's doctors, dentists and specialists serve a small section of the population who can afford private healthcare. In a just world, the sickest people – not the richest – should receive the largest share of healthcare. NHI will bring us closer to allocating health services according to the real needs of our people. This is not only fair, but it will help us build a healthier nation.

By changing the way our country pays for healthcare, NHI will improve access to services for the majority of people.

As it is, poor people can get free medical care in public hospitals. Why do you feel that we need an NHI to provide universal health care?

Poor people may be getting free medical care in public hospitals. But you and I know that free care is very difficult to deliver without adequate resources.

Resources are both financial and human. The cream of the South African society, i.e. those with huge financial resources and skills, have hived off from the rest of society to have their own health financing system (medical aid) and health provision system (private hospital). They have hived off with huge financial resources.

Skills and professionals follow the financial resources. Hence 80% of the specialists of the country are in the private sector serving only 16% of the population. The remaining 84% of the population is served by only 20% of specialists.

Actually our country is spending 4.4% of the GDP on only 16% of the population and only 4.1% for 84% of the population.

The services may be free, but it is a struggle to deliver them with the meagre resources left in the public health sector.

Some people argue that medical aid scheme money is private money and we have no business to meddle in it.

This is a serious distortion of facts. The truth is that medical aid schemes are subsidized for a whopping R46,7 billion by the fiscus of the country. If it was not for this very heavy subsidy from the State, medical aid schemes will have ceased to exist. People who are not on medical aid do not have access to this subsidy.

In the words of the Director General of the World Health Organisation (WHO), Universal Health Coverage is an equaliser between the rich and the poor!

It is only NHI that can bring this Universal Health Coverage (UHC).

Universal Health Coverage is different from Universal Health Care. Universal Health Coverage specifically means covering each and every citizen with a health financing system that is equitable to all citizens, whereas Universal Health Care means providing some form of health care to citizens without considering equity or without considering what type of health care all citizens are getting. You cannot divide the Nation into free but inadequate medical care for the poor and high quality but highly subsidised health care for the rich.

That is not what our Constitution meant in Section 27 when it said that Health is a right.

It is the elephant in the room the fact that public health care is collapsing due to factors such as under-funding, corruption, politics and incompetence and perhaps if we want to ensure quality service for the poor we should deal with these problems and not throw the baby with the bath-water?

It is true that the public health care is under-funded. But it is definitely not collapsing. It is just dealing with a huge burden of disease and a very huge population compared to private health care which is over-subsidized but has very few people to deal with.

As an example, let us start at the beginning of life. There are 1.2 million women who fall pregnant every year. The private health sector takes care of only 140 000 of them with 80% of the specialist doctors. The public health system takes care of a whopping 1,060,000 with only 20% of the specialists.

As things stand, the biggest killer of South Africans is TB. There are more than 400 000 South Africans being treated for TB each year. All of them, regardless of their socio-economic status, are treated by the public sector. The private sector is treating none. The TB cure

rate used to be 67% in 2009, it is now 85% by 2016.

The second biggest killer is HIV and AIDS. There is an estimated 6 million South Africans infected by this virus. The public sector is treating 3.5 million of them whereas the private sector despite the huge resources at their command is treating only 200 000.

There used to be 70 000 babies born HIV positive by 2004. Because of the very highly successful PMTCT (Prevention of Mother-to-Child Transmission) Programme, the figure is now down to 6 000.

How can all this be achieved by a system that is collapsing?

Corruption cannot be allowed in any system. We need to fight it. It is not part of NHI.

In the White Paper on NHI, Section 8.6.3 paragraph 372-383, outlines what is being proposed to deal with fraud and corruption under NHI.

We cannot then associate NHI with corruption. NHI abhors corruption because there can never be development where there is corruption.

What do you say to people who say NHI is a Rolls Royce solution when we cannot even afford a Toyota?

I will tell them that in fact a Rolls Royce is the present system, whereby only 16% of the population spends a whopping 4.4% of the GDP on their health and leaving 84% of the population with a measly 4.1% of the GDP.

Which one is a Rolls Royce in this situation? In 2002 expenditure on private health care was R41 billion but by 2014 it was already R141 billion, but that is spent on only 16% of the population. It is for this reason that the WHO (World Health Organisation) and the OECD (Organisation of Economic Cooperation and Development) has declared that South Africa is an outlier because we are the only country

in the world that is spending huge amounts of money on very few people. Now that is a Rolls Royce. Rolls Royces are extremely expensive cars owned by very few people at the expense of the majority. NHI is not designed to be a Rolls Royce or a Toyota. It is designed to be a transport system for all South Africans, which is appropriate for all South Africans and which is affordable for the country.

Chapter 2.3 of the NHI White Paper shows that affordability is one of the eight (8) principles of NHI. The others are social solidarity, efficiency, effectiveness etc.

For NHI to succeed, many qualified health professionals would be required. Given the current shortage of skilled professionals such as doctors and nurses, where will we get professionals?

As it is at the moment, all countries in the world, with the exception of Cuba, have a shortage of health professionals. Sub-Saharan Africa has been declared a crisis point in this case. The Secretary General of the United Nations has even come up with a global solution for this issue.

Shortage of health workers is not a reason not to implement Universal Health Coverage. Actually Universal Health Coverage will help a country like South Africa to effectively share the small pool of health professionals that we have. This shortage is exacerbated by not sharing what we already have.

It is that one particular private hospital in Johannesburg (name withheld) has 30 Specialist Gynaecologists. Limpopo Province has only 7 fulltime South African Gynaecologists to serve a total of 40 hospitals in the whole public sector, Mpumalanga has 6 to serve a total of 33 hospitals and North West has 7 to serve a total of 22 hospitals. We had to get Cuban Gynaecologists to the rescue.

Why do we need NHI?

Because our two-tier system of paying for healthcare has failed to guarantee good quality healthcare for all.

At present government pays for the health facilities that assist the poor and wealthier families use private doctors and hospitals that they pay for through medical aids. This two-tier system of funding locks the poor out of reach of a large number of health professionals and facilities in the private sector.

NHI will create a single pool of healthcare funding for private and public healthcare providers alike. The NHI Fund will pay public and private healthcare providers on exactly the same basis – and expect the same standard of care from both.

People in lower income groups will be able to consult doctors in private practice and use private hospitals, because the NHI Fund will pay for this care. The burden of care will be spread much more equally across the public and private sectors.

As you can see, you have 98 hospitals in 3 provinces served by only 20 fulltime Specialist Gynaecologists while you have 1 private hospital served by 30 Specialist Gynaecologists.

If a teacher has got only 16 learners to teach, and another one has got 84 learners to teach, comparing their performances without taking this into consideration, is grossly unfair, a distortion of facts and outright unscientific.

The solution to the gross inequalities I have just outlined above is NHI (Universal Health Coverage) whereby the whole population will also have access to all the Gynaecologists that exist in our country, whether public or private. There are 3 000 Optometrists in South Africa and only 250 of them are in the public sector. If we share under NHI the shortage will somehow be mitigated.

The NHI is not a beauty contest between the public and the private health sectors, but it is a system to make both sectors serve the whole population in cooperation rather than competition.

One of the biggest problems faced by the public health care system is public servants who simply do not care about patients. How does the NHI propose to change this?

The Office of Health Standards Compliance (OHSC) and the Office of the Health Ombud (South Africa's first Health Ombud) has been established to address these problems. We have even come up with a system of District Specialist teams to supervise doctors and nurses in their duties.

As you can see, we established all these in preparation for NHI.

We have developed a National Quality Improvement Plan that will standardise service provision in all clinics and hospitals. This will facilitate accreditation of these health facilities to meet the requirements of NHI.

We also need strict application of the public service laws and the LRA (Labour Relations Act), as well as having good managers who manage without fear or favour like the Health Ombud!

What do you say to people who say the NHI is not affordable?

What is not affordable is the present system. People who believe that NHI is not going to be affordable assume that under NHI, we are going to allow the present high health care costs! Both the WHO and the OECD have already declared that South Africa is running one of the most expensive health care systems in the world.

The NHI is actually designed to fight these expenses. Both the WHO and OECD state that only 10% of South Africa's population can afford the present private health care cost.

Clearly, it is the present system that is not affordable, not NHI. Do you think under NHI we are going to agree to pay R7 000 to R10 000 for a simple circumcision as it is happening

today in the present private health sector? NHI will not allow that. The problem is that people wrongly believe that NHI is simply going to be a bigger version of the present system. It is not going to be.

It has been a few years since health system strengthening projects were launched. How are these going? What have been some of the lessons from these projects?

Yes, we launched pilots in order to learn what is feasible and what is not. We have learnt a lot. Under the pilots, we have screened 4 million school kids for physical impediments to learning like eyesight, hearing and oral hygiene/speech. We now know how to tackle that.

We have established District Specialist Teams to supervise doctors in each district. We now know where the gaps are. We have contracted GPs to work in public clinics and learnt that we also need to contract allied health care professionals like Physiotherapists, Speech Therapists, Oral Hygienists, Occupational Therapists, Psychologists, Optometrists, etc.

Primary Health worker teams have visited no less than 12 million households to check their health status.

What are the critical stages for the successful implementation of NHI?

- (a) Establishment of NHI fund including reviewing other relevant legislations and inter-governmental functions and fiscal framework that will be impacted by the implementation of NH
- (b) Reviewing all the subsidies that medical scheme members receive from the fiscus.
- (c) Making sure that the health care system is re-orientated so that its heartbeat, as mentioned in the White Paper on NHI, is Primary Health Care (PHC). In other words, a system that is based on 3 main pillars:
 - (i) prevention of disease;

- (ii) promotion of health; and
- (iii) starting the entry to health care system at the lowest level rather than at the highest level of specialists and tertiary hospitals.

- (d) Preparation for Purchaser-Provider split. This means a system whereby the purchaser of health services for the population (purchaser) is not the same as the person who actually provide the services (provider) as it is happening presently in the public health care system.
- (e) Completion of the NHI policy paper and promulgation of NHI Bill.
- (f) Formation of Contracting Units for Primary Healthcare so that they become the purchasers of health for their population from providers - both private and public.

What other countries have implemented the NHI? What have we learnt from these?

Many countries have started implementing Universal Health Coverage even before the United Nations adopted it as one of the 17 Sustainable Development Goals of the world.

Countries call it by different names but the goal is one, namely Universal Health Coverage whereby every citizen in every country has financial coverage for their health care needs instead of only a selected few as it is happening in our country.

The United Kingdom (UK) started it in 1948 and called it NHS. Japan started in 1961. Mexico started in 2001 and call it Seguro Populare. Brazil has it, all the Scandinavian countries have very good Universal Health Coverage Systems.

On the African Continent, Ghana has started. Rwanda has also started.

All 194 countries under the United Nations have become signatories to the notion of

Universal Health Coverage - which means they are preparing to implement it.

Actually, the list of countries that have the system or have started is not exhausted.

Budgetary constraints cannot be the reason to delay the implementation of the NHI because quality health care supersedes all other human needs.

The country has serious budgetary constraints is it not prudent to delay the implementation of the NHI?

The answer is no, and a big no for that matter. Other basic human needs such as water, shelter, sanitation and even food, for that matter, are useless if you are dead. We cannot postpone access to basic human needs.. The provision of quality health care should supersede all other needs, because it is about sustaining life. We cannot afford to delay the implementation of the NHI.

In fact, when the economic situation in any country is gloomy, that is the time citizens need access to good quality affordable healthcare more than ever before. NHI is intended to provide just that. NHI is not a luxury that can be delayed due to economic circumstances. It is a necessity that is needed to rescue people especially during tough economic times. Otherwise, majority of people will succumb to their ailments due to their weakened economic status which will worsen the country's economic situation even further.

The UK implemented it in 1948 and was driven by the hardships brought by the Second World War which had ended 3 years earlier. Due to the World war, the British people were poor, unemployed and sick. That is when they needed it. They call it NHS. Same as the Japanese who implemented it in 1961 to boost economic growth also ravaged by the Second World War. No economy ever grows when the health system is not improved for the majority of the people and no health system improves

when the overwhelming majority of its citizens are outside the major funding mechanism of the country health system.

In September 2015, 267 eminent economists from 44 countries signed the Economists Declaration on Universal Health Coverage which concluded that the economic returns on investing on UHC were more than 10 times the costs.

Can you explain what the state subsidy to medical schemes is about?

Yes. The total subsidy is actually R46,7 billion. One of the abnormalities in the present health system which NHI seeks to correct, is that health is a condition of employment through medical schemes. This is wrong because section 27 of the Constitution says health is a right not a condition of employment.

- GEMS members are subsidised for R17 billion.
- Non - GEMS members are subsidised for R1,8 billion.
- SOE's members are subsidised for R7,2 billion.

Note that the subsidy of Non-GEMS members is for members of Parliament and Judges - very highly paid members of society, but they are heavily subsidised - R1,8 billion.

SOE's workers are the highest paid members of society. Some of SOEs top executives earn more than five times what the President of the country earns, but they are also heavily subsidised for R7,2 billion.

GEMS members Such as nurses, doctors, teachers and other senior public servants also receive subsidies .

The total subsidy is R26,7 billion. Then come tax credits. Every single person in South Africa who is on a medical aid, employed in the public sector or private sector, is entitled to tax credits at the end of the tax year. The total credits in the last tax year was R20 billion. Add

R26,7 billion to R20,0 billion and you have R46,7 billion.

According to the Finance Minister, Medical Tax Credit is in line for a reduction in future as part of financing the NHI. What is your understanding of this statement?

It has always been our position in the White paper on NHI. Paragraphs 308,309 and 400 are making it clear that we can't continue with this subsidies and tax credits. They perpetuate inequality and deny the majority of people in our country access to good quality care and financial risk protection when they utilise health services.

We want to use the tax credits to establish the NHI fund as a transitional mechanism to start funding those who are outside the system of medical aids, overwhelming majority of whom are blacks, woman, children, adolescents, people with disability, elderly, mentally ill people and school kids. These are the people who need health care more than all other groups, but they are the ones who are outside the major healthcare financing mechanisms of our country.

According to Treasury, further details of the funding model of the NHI would be released soon. What are some of the proposals on the table for discussions?

Any government anywhere in the world fund government programmes for the benefit of citizens mainly through tax, surcharges, special levies or special contributions from certain members of the society. This will also be the case with NHI, as is the case with Universal Health Coverage in any country.

What is the difference between an ordinary clinic and the ideal clinic?

Paragraph 2 of the NHI white paper states that NHI is a significant policy shift that will necessitate a massive re-organisation of the healthcare system, both public and private.

In re-organising the public health system, we declared that the heartbeat of the healthcare system under NHI will be Primary Healthcare (PHC). This means a health system characterised by three main attributes:

- Prevention of diseases
- Promotion of health
- Entry to the healthcare system through clinics and GPs or other private primary healthcare providers

It will be imperative that the clinics (PHC facilities) must be in pristine conditions for this purpose. They must be efficient, effective and attractive for our people.

People must have a pleasant and unforgettable experience after utilising services in our clinics. Such clinics must have good infrastructure (physical condition and space, essential equipment, information and communication tools, adequate staff, adequate medicine and supplies which a modern stock surveillance system). It uses applicable clinical policies, protocols and guidelines as well as stakeholder support to ensure the provision of quality health services to the community. This type of clinic is called an Ideal Clinic.

How many clinics are classified as ideal?

Yes, at present there are 1930 clinics all over the country that qualify as ideal clinics.

When we started in April 2015 not a single clinic, zero, qualified as ideal. In 2013 we built the framework of what this ideal clinic must look like and tested it in 10 clinics in the NHI pilot districts.

We took the framework into the Operation Phakisa Ideal Clinic Lab in 2014 to develop the roll-out plan.

Is the private sector part of the implementation of the NHI?

The private sector has always been part of provision of health in our country. In NHI, we want the citizens of South Africa to utilise resources in both the public and the private sector. NHI is a mode of cooperation and equalisation rather than the present situation whereby only 16% of the population can utilise huge amount of resources in the private sector while the masses cannot. It has always been our intention to involve the private sector.

How is the NHI going to address the human capital requirements for its successful implementation?

Let me start by pointing out that there is a huge shortage of human resources for health all over the world, with sub-Saharan Africa branded a crisis region in this regard. We have tried to resolve this in several ways:

- We have expanded the Cuban training programme from 80 students per annum to about 700 students per annum over a three years' period..
- We have asked the Universities to try their best to admit as many medical students as they possibly can. Wits University started in 2011 by taking 40 extra students Other Universities have followed. We have even opened the 9th medical school of the country, which is under the University of Limpopo.

Together with the private sector in health, we have established a Public Health Enhancement Fund and through it we have now 70 medical students from the poorest areas of the country who are pursuing their studies paid for by this money contributed by the private sector.

What are the critical stages to implement the NHI?

Critical stages are the following:

The National Assembly and the National Council of Provinces will consult and debate the contents of the NHI Bill.

The Department will begin preparing for implementation by continuing to register patients into a master patient register to prepare for the implementation of the NHI.

The Ministry of Health will set up an NHI Implementation Office to prepare for the introduction of the NHI Fund.

The Presidential Health Summit Compact signed by the President and stakeholders will be incrementally implemented. Some of the key interventions include filling of vacant posts for health personnel, improving and maintaining hospital and clinic infrastructure, improving access to medicines, equipment and medical products.

The Office of Health Standards Compliance will certify health facilities that will become part of the NHI.

The National Quality Improvement Plan will be implemented in preparation for accreditation of providers and establishments to provide NHI services.