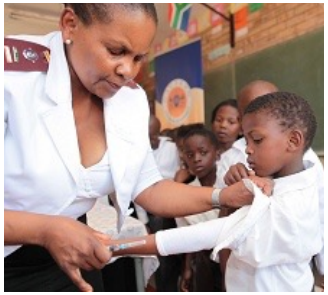


National Health Insurance – Where we are now and the next key steps?

SAMRC UHC/NHI Forum

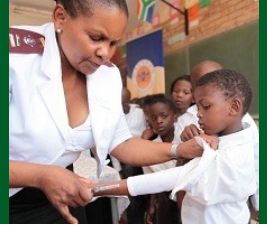
25 JULY 2024

health
Department:
Health
REPUBLIC OF SOUTH AFRICA

2030 NDP

30 YEARS OF FREEDOM
South Africa 1994 - 2024

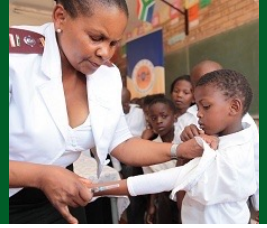
Outline



PART A – Why the health system is where it is…

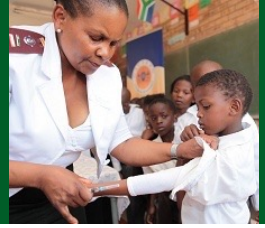
PART B – *Where we are headed to.*

PART C – *What is keeping us busy?*



Why the health system is where it is …

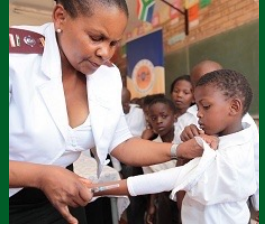
Globally the most unequal…

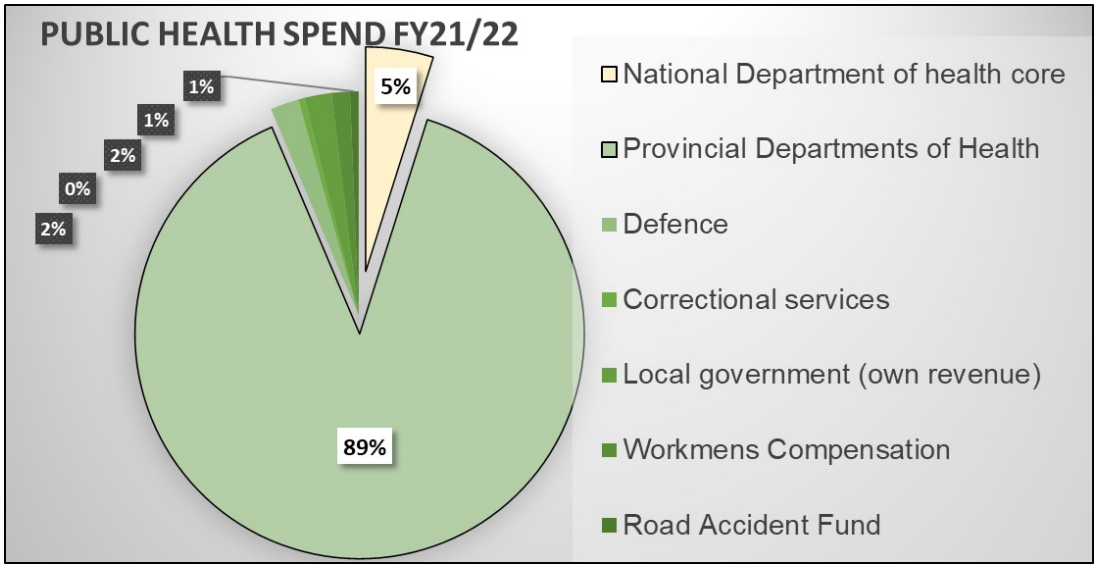


Kya Sands Township in Johannesburg, South Africa. | Photo: Johnny Miller/Unequal Scenes | CC BY-SA 4.0

Let’s follow the money first…

Where the money currently sits – PUBLIC



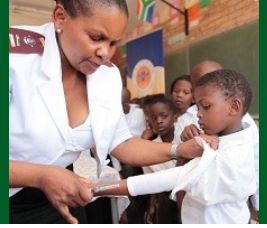


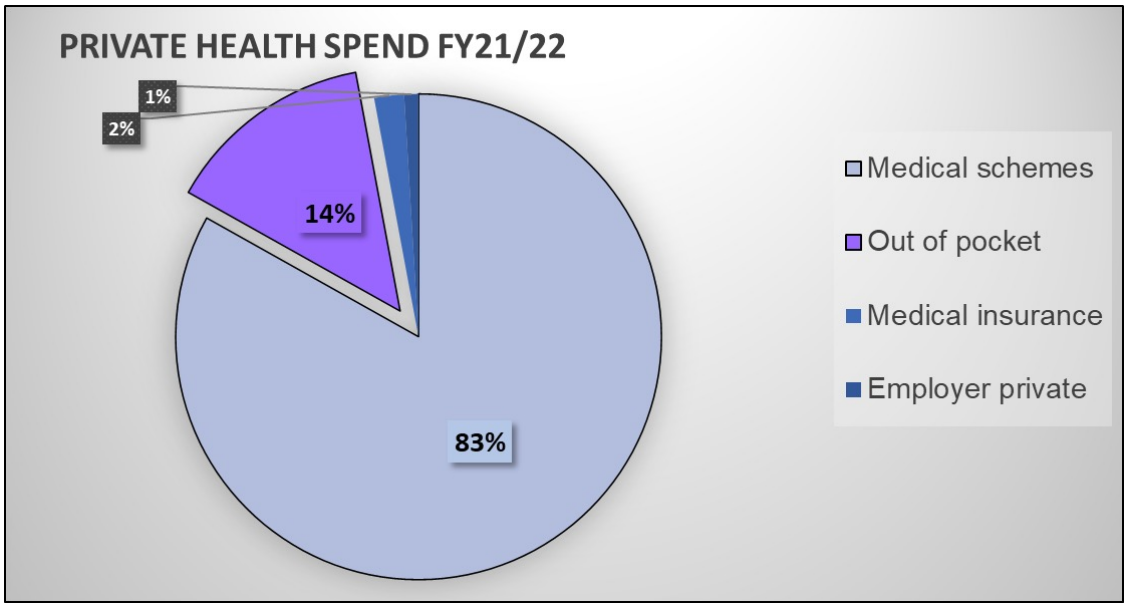
	FY21/22	
	Rand (bn)	**%**
National Department of health core	*12 947	4,9%
Provincial Departments of Health	235 892	88,7%
Defence	5 474	2,1%
Correctional services	1 216	0,5%
Local government (own revenue)	5 138	1,9%
Workmen's Compensation	3 502	1,3%
Road Accident Fund	1 675	0,6%
Total public sector health	**265 844**	

- Most public health spending is in the provincial health services
- Majority of national department allocations are in fact direct transfers to provinces in the form of ***'conditional grants'*** [i.e. NTSG, HFRG, NHI, HIV, etc.]
- There are other public allocations but not as significant

* NDOH spend in FY2021/22 includes COVID-19 pandemic response – reduces to R8,3bn in FY2023/24

Where the money currently sits – PRIVATE

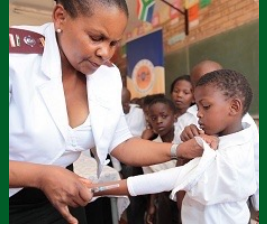




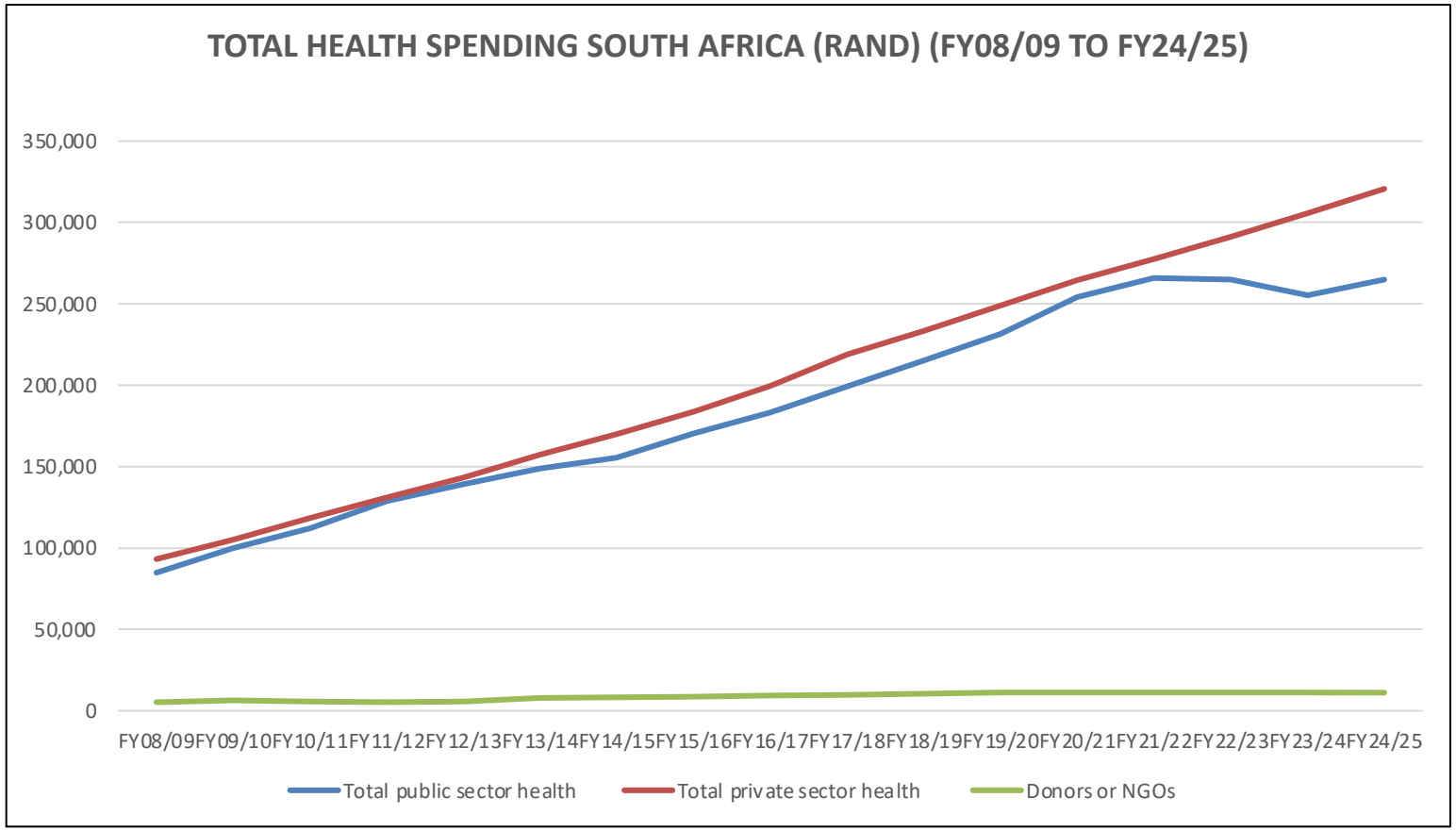
	FY21/22	
	Rand (bn)	**%**
Medical schemes	230 618	83,1%
Out of pocket	38 653	13,9%
Medical insurance	5 501	2,0%
Employer private	2 630	0,9%
Total private sector health	**277 402**	

- The bulk of private spending is through medical schemes
- A sizeable portion (about 14%) is through 'out-of-pocket' spending (much is by medical scheme members for benefits not covered by their 'benefit options'
- Also a sizeable portion of non-scheme members utilise private care – (e.g., pharmacies, co-payments, GP and Specialists visits)

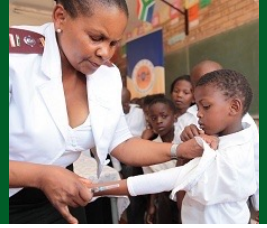
Factors impacting on financing health in SA



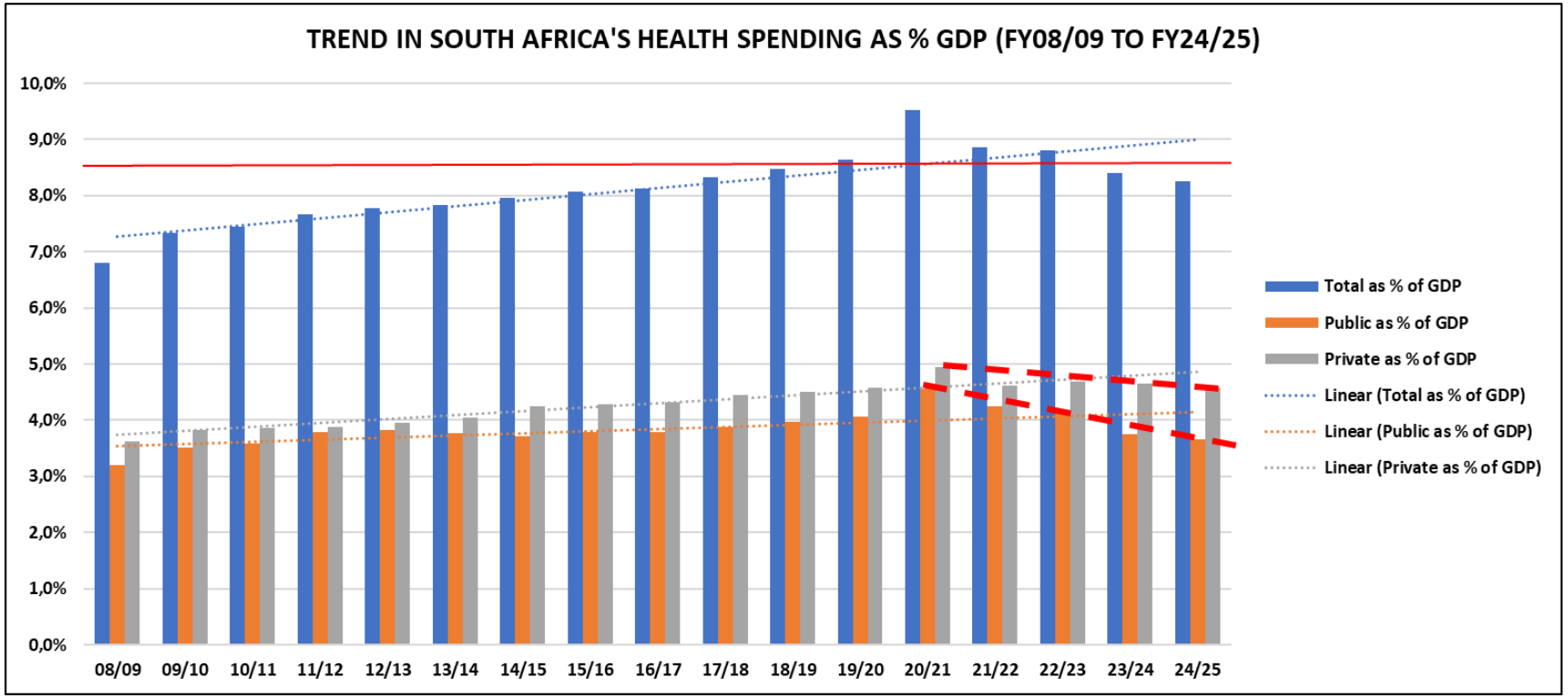
An imbalanced and inequitably funded system



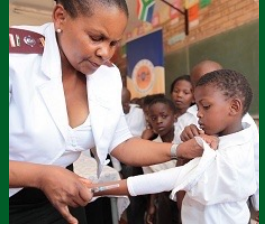
Factors impacting on financing health in SA



Health sector funding trends as % GDP over the past 15 years



Factors impacting on financing health in SA



Disparities in per capita spend

Rand per capita spend on health

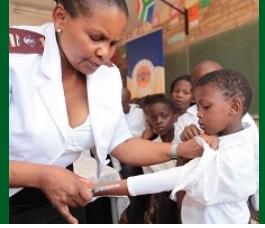
- public @ 80% and private at 20% of total
- mean point Rand per capita
- public @ 85% and private at 15% of total

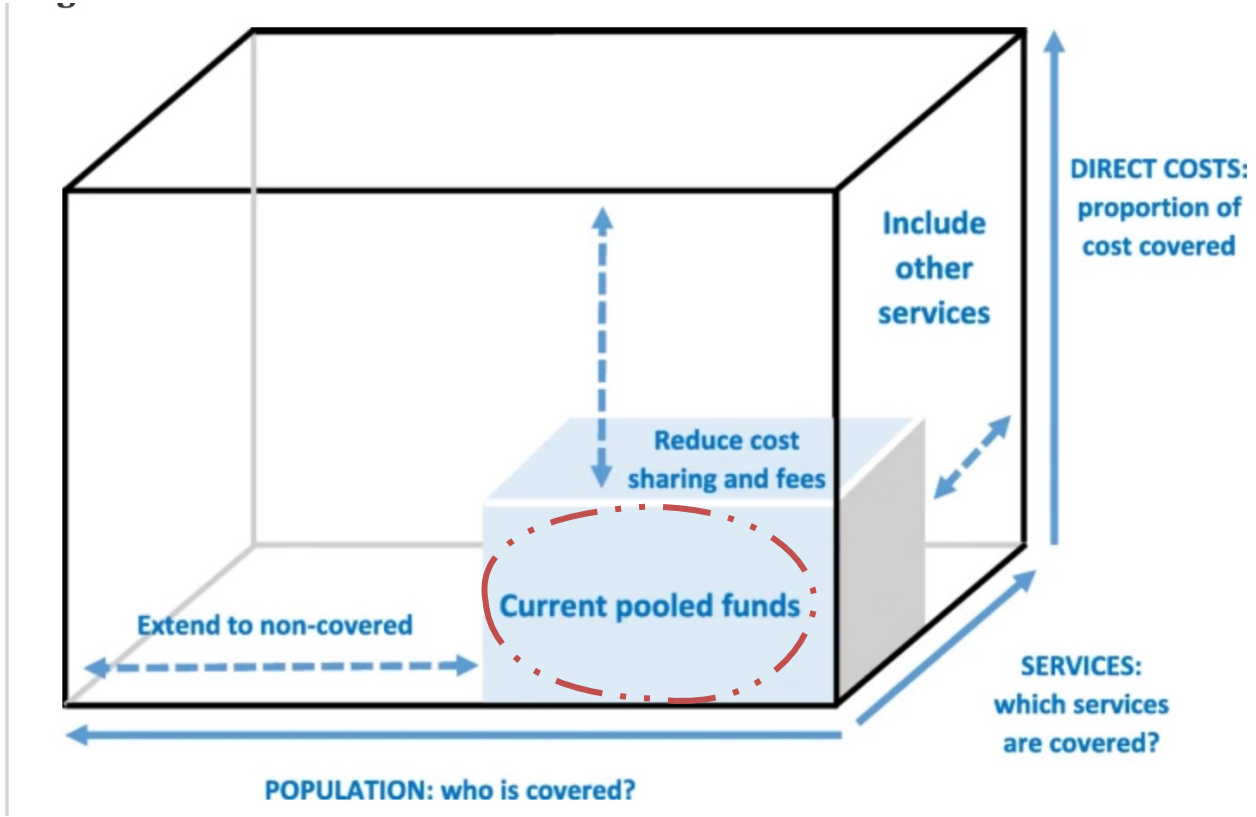
- **Private spend per person is 5,0 times that of public in the 2021/22 FY**
- Range 4,4 to 5,6 times depending on proportion of the population regularly using private providers

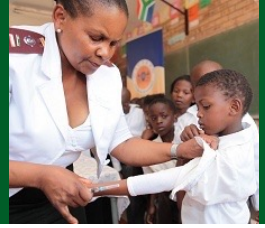
Per capita spending on Health 2021/22

Rand per capita (private @ 15% of total)	R30 515
Rand per capita (private mean point)	**R26 700**
Rand per capita (private @ 20% of total)	R22 886
Rand per capita (public @ 80% of total)	R5 483
Rand per capita (private mean point)	**R5 322**
Rand per capita (public @ 85% of total)	R5 161

The implications of all this…

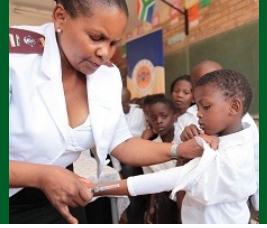


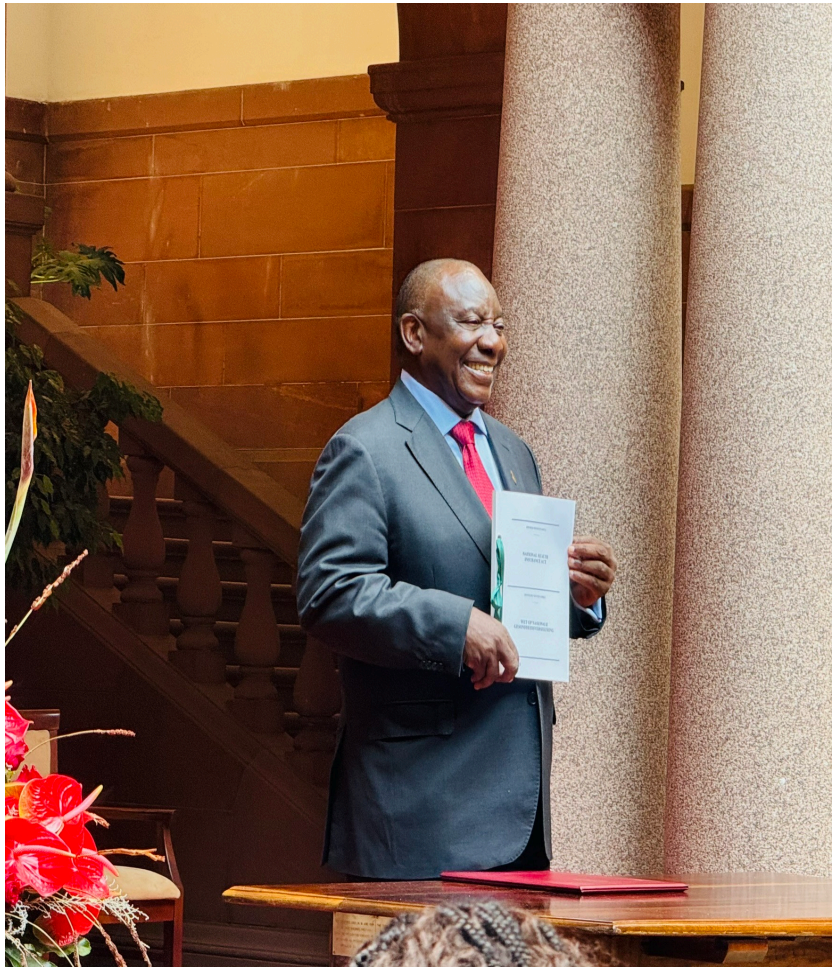




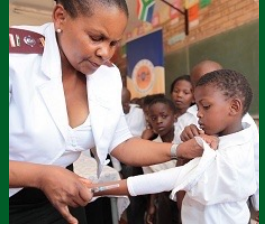
Where we are headed to.

National Health Insurance (NHI) Act





What is NHI?



- A health financing system that is designed to pool funds that are to be used to purchase ***comprehensive*** personal healthcare services on behalf of the population.
  - Intention is to guarantee access to quality affordable personal health care services for all South Africans, based on their health needs, irrespective of their socio-economic status.

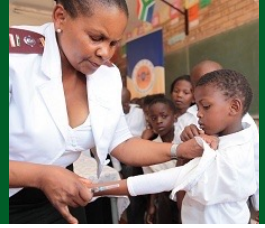
- Consistent with the Constitutional obligations (S.27: Bill of Rights)
  - legislative and administrative steps towards progressively realising the State's obligations to meet the health rights of **ALL** South Africans

- NHI aims to achieve Universal Health Coverage (UHC) for all South Africans

"Every person must receive the health care that they need, when and where they need it and without incurring financial hardship"

- **Important to remember:**
  - The NHI Act goes beyond integrating health financing; it enhances/amends the National Health Act – but does not repeal it
  - The NHI Act enhances/amends related health Acts, including the Medical Schemes Act – but does not repeal them

What is the nature of the NHI Fund?

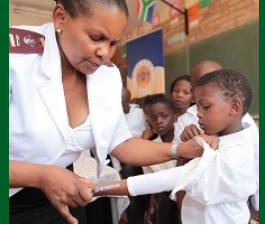


- Publicly owned and publicly administered: a **"Schedule 3A Public Entity"** (re: PFMA)
  - Own Board (governance) and administration (operational) structures
  - Government agency but not part of the Public Service

- Strategic purchaser personal health care services on behalf of all users
  - Determined by the **Benefits Advisory Committee**
  - **S.7 (4)** provides for benefits not to be paid for by the Fund

- The Fund will (progressively) purchase the majority of all services (benefits) for all who live in South Africa
  - Fund must transfer funds directly to accredited and contracted central, provincial, regional, specialised and district hospitals (including private hospitals) based on a global budget or Diagnosis Related Groups
  - Funds for PHC must be transferred to the relevant provider within the CUPs (capitation strategy)
  - Emergency medical services provided by accredited and contracted public and private health care service providers must be reimbursed on a capped case-based fee basis with adjustments made for case severity, where necessary
  - Public ambulances services will be reimbursed through the PES allocation

How will it work?

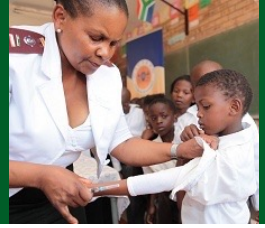


Key considerations – integrated and holistic approach encompassing all pillars and sectors of the health system

- Entire health system needs a 'restructuring' – no sector is to be left alone, no sector has no challenges;
- Sacrosanctity of a sector is nonexistent – impossible to address one part of the existing health dichotomy without addressing the other, they are mutually dependent
- There is a need for both systemic (macro) change and local (micro) level changes

- NHI will pool all health resources into a single funding pool (i.e., NHI Fund) as a strategic purchaser of ***personal*** health care services
  - on behalf of the whole population from both the public and private health sectors
  - Through appropriately accredited and contracted service providers and health establishments
- The public (***Users***) must choose and register with clinics or doctors as their first point of contact with the health system
- **S.55 – Regulations**

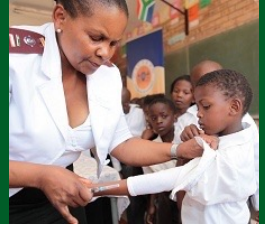
What services & purchased from whom?



- What: … a continuum of health promotion, disease prevention, diagnosis, treatment and management, rehabilitation and palliative care services across the different levels and sites of care within the health system in accordance with the needs of users. **[S.1: Definitions]**

- Where from:
  - Health care service providers and health establishments will be accredited to deliver health care services (benefits) at the appropriate level of care
    - ("Health Establishment" is defined in the National Health Act, 2003)
  - Proof of certification by the OHSC and of registration by the relevant health professional Council
  - NHI Fund must ensure that providers meet the needs of users and must ensure service provider compliance with prescribed specific performance criteria
  - Transitional considerations are provided for in **S.39 (12):** *"The Fund may grant conditional accreditation to a health care service provider or health establishment as prescribed by the Minister after consultation with the OHSC"*

Where will the funding come from?



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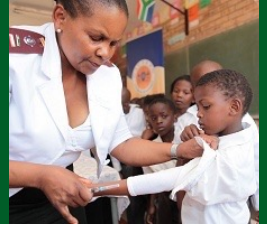
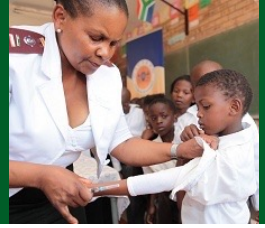
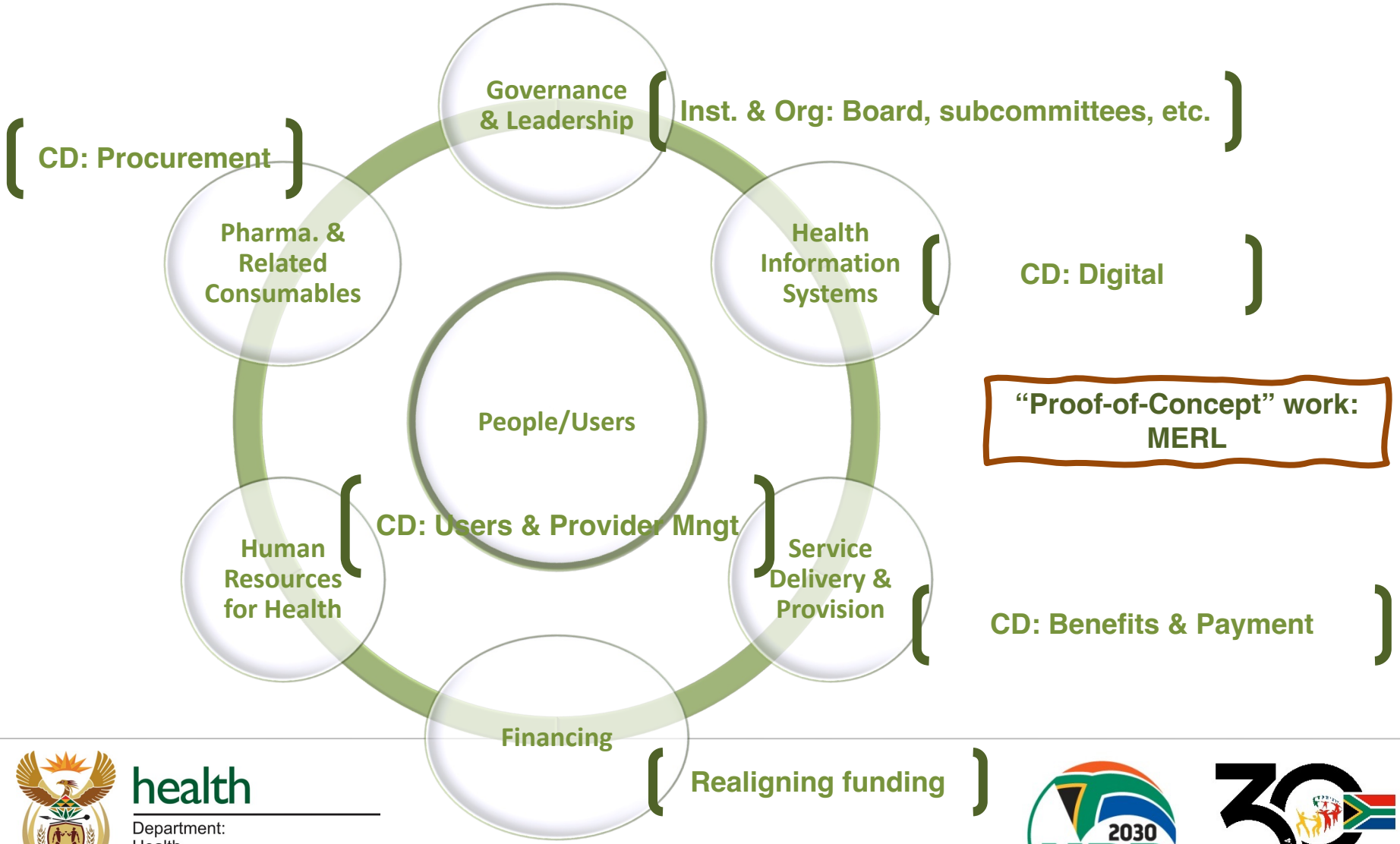
  - Own Board (governance) and administration (operational) structures
  - Government agency but not part of the Public Service

- **[S.49] Chief sources of income** is money appropriated annually by Parliament to achieve the purpose of the Act from money collected and in accordance with social solidarity in respect of—
  - general tax revenue, **including the shifting funds** from the provincial equitable share and conditional grants into the Fund;
  - **reallocation of funding for medical scheme tax credits** towards the funding of the National Health Insurance;
  - **payroll tax** (employer and employee); and
  - **surcharge on personal income tax** introduced through a **Money Bill by the Minister of Finance** and earmarked for use by the Fund, subject to s57



What is keeping us busy...





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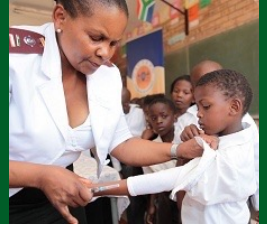
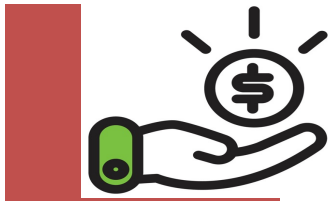
The End Goal: Achieving a purchaser – provider split



Purchaser of health care

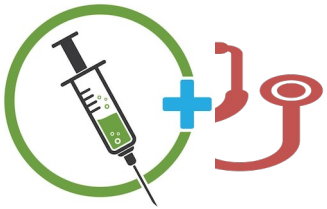


S.9 – 11: Establish NHI Fund
S.12 – 18: Board & subcommittees
S.25: BAC – benefits
S.26: HCBPC – regulated tariffs
S. 36: DHMOs & S.37: CUPs
S.40: Digital Health Solutions – users, providers, MERL, etc.

Medical Schemes – **S.33** [*eventually*]

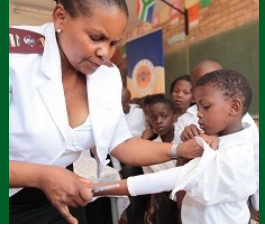
U S E R S

Providers of health care



Public & Private
PHC/Hospitals
Quality
Certification (OHSC)
Accreditation & Contracting
ARMs (incl. P4P)

A caring & functional health system



Equity

Comprehensive Health Services

Financial Risk Protection

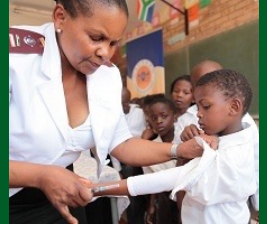
PEOPLE
***Ubuntu,* social solidarity**

Quality, affordable care

Accountability & Transparency

Sustainable

<u>Progressively</u> working on reforming and integrating the health system to ensure that the population has access to health care services they need without suffering financial hardship, ultimately improving overall health outcomes and quality of life for everyone.



ngiyathokoza!

ro livhuwa!

ke a leboga!

enkosi!

dankie!

thank you!

ndo livhuwa!

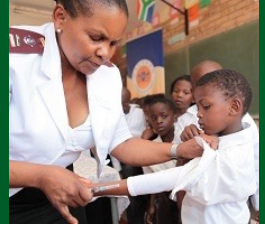
inkomu!

ke a leboha!

ngiyabonga!

siyabonga!

For more information contact:



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Chief Directorate: Health Care Benefits & Provider Payment Design
Landline: 012 395 8173
Email: Moremi.Nkosi@health.gov.za