



**Western Cape
Government**

BETTER TOGETHER.

NHI

**WESTERN CAPE GOVERNMENT RESPONSE TO
THE WHITE PAPER ON NATIONAL HEALTH INSURANCE**

Dr. Krish Vallabhjee

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Acknowledging contributions

WCG : Health,

WCG : Treasury,

WCG: Department of the Premier

Background: Problem statement

Problem statement

Challenges raised in the NHI White Paper:

- Burden of Disease
- Access to health care
- Health care expenditure
- Distribution of financial and human resources
- Medical scheme “industry”

Inequality is a feature of all of these

Blind spots in the problem statement

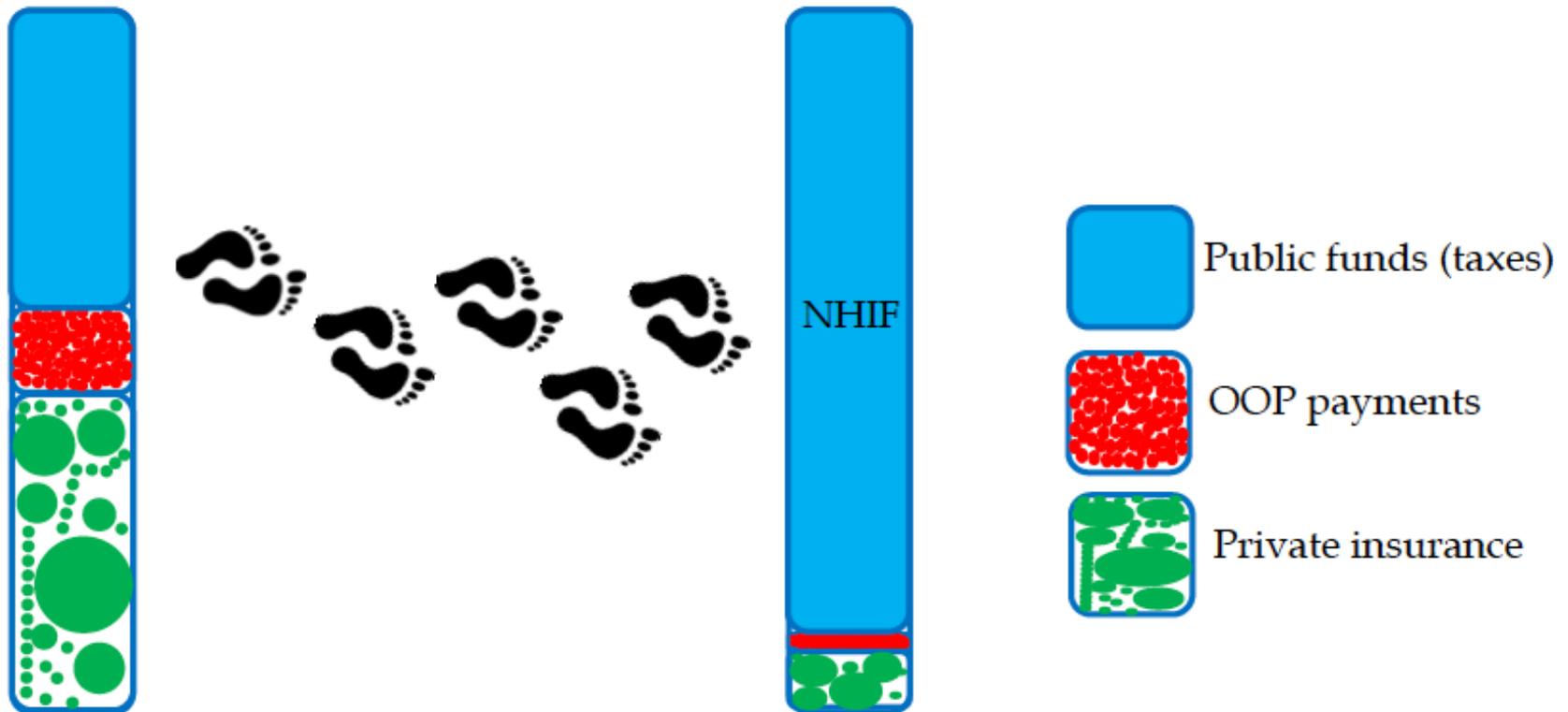
Need for:

1. More than the funding and financial flows to be addressed.
2. Single, cohesive, unfragmented health system per geographic area.
3. An accessible, comprehensive balanced, integrated health service.
4. “Upstream Social Determinants of Health” to be addressed.
5. Strong leadership and management at all levels.
6. Strong accountability and governance arrangements.

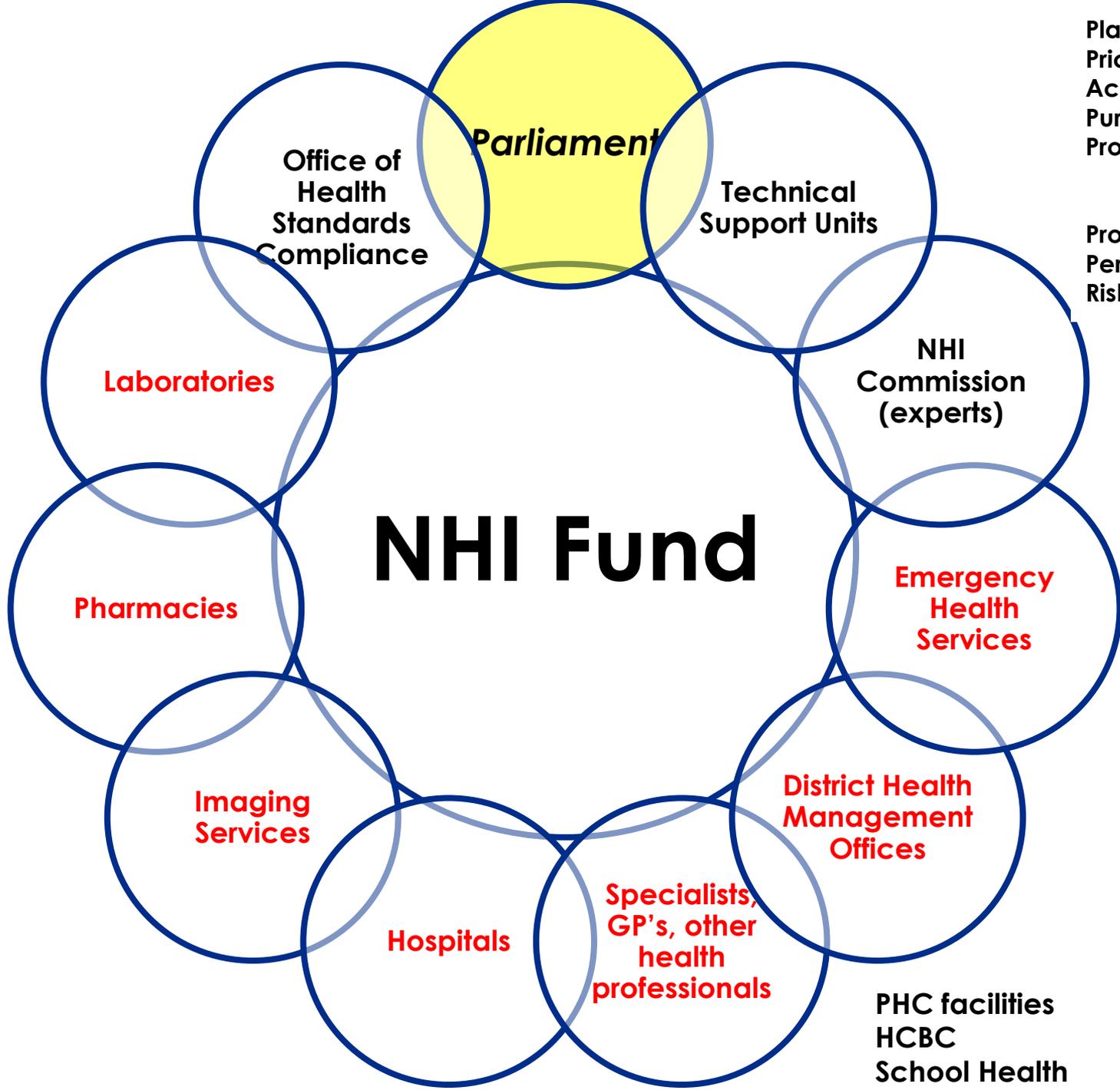
How does NHI work?

Moving towards NHI...

Slide courtesy of Dr Jon Ataguba, UCT HEU



NHIF = single fund = single payer = single purchaser



- Planning and Benefits Design
- Price Determination
- Accreditation
- Purchasing and Contracting
- Procurement
 - Drugs
 - Consumables
- Provider Payment
- Performance Management
- Risk and Fraud Prevention

**How
the NHI
fund
works**

PHC facilities
HCBC
School Health

Role of the Private sector within the NHI

1. OHSC-accredited private providers contracted – pooling resources to address population health needs in geographic area.
2. GP's and multi disciplinary teams contracted to provide PHC services.
3. Dissipate service pressures from public sector and improve access.
4. Expand training platform for health professionals.
5. Medical schemes provide top up services on voluntary pre-payment basis (complimentary benefits). Schemes will reduce in number.
6. Administrative expertise in medical schemes engaged within NHI implementation process.

WCG's response to the White Paper

FORMAT OF THE RESPONSE

The White Paper has been analyzed under three main headings:

1. **legal / legislative / constitutional** implications
2. **financial and funding** implications
3. **implications** for the **health services and health system;**

These headings are therefore used in this presentation.



LEGAL / LEGISLATIVE / CONSTITUTIONAL IMPLICATIONS

Chief **concerns**

- Provision of health services a “**concurrent competency**”
- WCGH’s long track record:
 - **Management** and **governance** capacity (corporate and clinical)
 - Health **outcomes**.
 - **Capacity** to **provide** needed **services**
- White Paper lacks **clarity about role of provinces** in NHI.
- Central fund will **duplicate** provinces’ role.

FINANCIAL IMPLICATIONS

Chief concerns

1. **National economic growth rate** and **outlook** currently far less than that used for modeling (3.5%) - NHI as proposed **unaffordable**.
2. Central Fund paying healthcare providers directly will fragment lines of accountability and impede coordinated service provision in geographic areas.
3. ~**R500m** p.a. generated from “**user fees**” will be **lost** to WCG:H and will have to be found elsewhere.

HEALTH SERVICE / SYSTEM IMPLICATIONS

White Paper threatens coherence:

1. Providers **contracted** and **paid** directly from NHI Fund:
 - **Bypassing** Provincial and District Health Teams.
 - Allowing **funding** to flow directly from the Fund to providers.
 - Removing established lines of **accountability** between role-players.

HEALTH SERVICE / SYSTEM IMPLICATIONS

- **Central hospitals** managed directly by National leading to:
 - Loss of **coherence** and **integrity** in provincial health system
 - Loss of **accountability** and poor corporate **governance**.
- From **the perspective of patient** all services part of one **continuum** and need to be managed by **one entity**.
 - WP **further fragments the health system**.
- Accountability authority is fragmented and governance arrangements unclear

In Summary

Agree

- Intent & principle of UHC
- Remove payment from point of care
- Strategic purchasing of Goods/Consumables
- Strengthening of the Public sector and DHS

More info

- Costing model of NHI
- Role of provinces
- Role of NDOH
- Governance and accountability arrangements

Concerns/Disagree

- Unconstitutional erosion of provincial powers and functions
- Fragmentation of services
- National mix of central hospitals
- Direct contracting & funding of providers bypassing provinces
- Affordability

What is the alternative ?



What is the alternative? (1)

1. Challenges NHI has identified can be addressed without:

- Eroding powers and functions of Provincial Governments,
- Undermining coherence of Health System,
- Introducing complexity through mixed arrangements of financial flows and transferring of assets, staff and property across spheres of government
- Risk of legal and constitutional challenge,
- Threatening coherence of Public Service.
- Need for major constitutional and legal amendments

What is the alternative? (2)

The National Health Act, 2003 provides that provincial department must... -

- provide specialised hospital services; ...
- plan the development of public and private hospitals, ...
- facilitate provision of comprehensive primary health services and community hospital services;
- provide and co-ordinate emergency medical services and forensic pathology, forensic clinical medicine and related services;
- control the quality of all health services and facilities;
- provide health services contemplated by specific provincial health service programmes; ...
- provide services for the management, prevention and control of communicable and non-communicable diseases.

What is the alternative? (3)

- 2. Provincial Governments should become the NHI Fund's contracting units. Funds should flow through the provinces, who will develop and manage contracts with a mix of public and private providers.**
- 3. Provincial Governments should be accountable for all service provision within their provinces, including Central Hospitals and Public and Private Providers, and should put in place appropriate governance arrangements accordingly.**
- 4. Provincial Governments must operate within the norms and standards and policy frameworks developed at national level.**

What is the alternative (4) ?

- 5. The province continues to strengthen the leadership and management and the range of systems policies and processes within the public health sector to improve the quality of care and wellness of the population.**
- 6. There may be the need for differentiated implementation mechanisms of the NHI given that the capacity varies between provinces.**
- 7. The WCG engages with the NDOH and NT politically and technically to explore options along the above lines.**
- 8. Other major concerns including, amongst others, the affordability of the NHI and the need to ensure robust accountability and governance mechanisms of the NHI as a public entity, must also be addressed during the engagement.**

Concluding Remarks

- The WCG : H is committed to UHC.
- The Department is keen to explore service models that build on organic partnerships between the public and private sector to improve UHC.
- There are some very encouraging models already surfacing that are being tabled.
- Robust discussions need to be had on how we can take this process forward in the transition process even before we have had a fully fledged NHI model in place.

Thank you