

3. THE NEED FOR CHANGE



3.1. Restructuring is essential because of the need to secure basic access to quality services for the whole population of the province. In addition, the changing disease profile, influenced by HIV/AIDS and TB, amongst others, and intra-provincial and inter-provincial inequities, must be addressed. Finally, the current pattern of services is unaffordable with respect to both capital stock and operational expenditure. Without restructuring, inequities and inefficiencies will continue. Quality of care will remain compromised and by 2010 the projected deficit on the Provincial Health budget will be R1,1 billion (in April 2001 rands.)

3.2 **Healthcare 2010** was conceived in the face of two apparently irreconcilable objectives, namely:

- The need substantially to improve the quality of care of the health service, and simultaneously;
- The need to bring expenditure to within affordable and sustainable limits.

3.3 The **Healthcare 2010** initiative was conceptualised with the aim of achieving both objectives through the creation of a different service platform and an all-round increase in efficiency. The in-depth analysis that has followed has proved conclusively that the two objectives are attainable, albeit with difficulty, but only with additional funding for HIV/AIDS and TB. The time scale for achieving this objective is eight years – hence **2010**.



3.4 The underlying principles of **Healthcare 2010**, which have been widely supported by the stakeholders consulted, are as follows:

- Quality care at all levels
- Accessibility of care
- Efficiency
- Cost effectiveness
- Primary health care approach
- Collaboration between all levels of care
- De-institutionalisation of chronic care.

3.5 **Healthcare 2010** is based on the following assumptions:

- The funding envelope for Health remains the same except for a reduction in of R230 million in the National Tertiary Services Grant.

- The reason for basing financial calculations on April 2001 Rands is that all the analysis and calculations were based on data from the 2000/01 financial year.
- The purpose of assuming that the funding envelope will remain the same is to define a base from which to make financial comparisons. Of particular importance in this regard is the assumptions that funding currently provided by Local Government for PHC services will remain in the health sector.
- This assumption presumes that changes in macro-economic factors, i.e. inflation, exchange rates, etc will be fully discounted in the appropriation of national budgets.
- The Local Government contribution towards Primary Health Care (PHC), excluding environmental health, will continue at existing levels.
- Funds allocated for conditional grants will be used according to the requirements of the Division of Revenue Act (DORA).
- Patients will be treated at the most appropriate level of care within a changed configuration of services.
- Admissions are not reduced but patients will be diverted to appropriate levels of care.
- The focus is on the provision of services to the population of the Western Cape (plus a quantum of tertiary services to other provinces).

3.6 Healthcare 2010 will strengthen PHC in the following ways:

- Increase spending at PHC level by R400 million – R60 million allocated to Home Based Care and R40 million for prevention and promotion.

- Promote the existing “Healthy City” programme within the City of Cape Town and elsewhere to reduce the burden on the health system.
- Increase PHC attendances from 11 to 13 million with PHC visits remaining over 3 per person per year against the national target of 2,9.

3.7 The efficiency gains from Healthcare 2010 are as follows:

- Overall cost per patient day equivalent (PDE) decreases from R858 to R814 (2000/2001 rands).
- Average length of acute bed stay decreases by 0,5 days.
- Funding for equipment and maintenance, as a percentage of total expenditure increases from 2.3% to 7.8% of total expenditure. This amounts to an additional allocation of R120 million in 2010.
- Bed occupancy rate will be 85%.
- The Western Cape will provide tertiary health services for approximately 2.6 million people from neighbouring provinces which is in line with the total envelope of funding in the National Tertiary Services Grant provided for tertiary services for the population of the Western Cape and beyond.
- The adjustment of beds for tertiary care will lead to the reconfiguration of the tertiary services to be provided in terms of the National Tertiary Services Grant. Accurate costing is essential to ensure that the actual cost of this service is provided for. It is envisaged that at the cost of R1 641/PDE the Conditional Grant will fully fund the 1 285 tertiary beds envisaged in Healthcare 2010.