

NHI in South Africa in 2009

The purpose of this series of policy briefs on National Health Insurance (NHI) and the related IMSA web-site is to put in the public domain material and evidence that will progress the technical work of developing a National Health Insurance system in South Africa. This includes tools for costing NHI and evidence on where savings could be achieved in moving to a future mandatory system with universal coverage.

An initial background brief covered NHI developments from the 1940s up to December 2008. This brief provides resources on the debate around mandatory insurance in South Africa during 2009. The major source material is the ANC proposals for National Health Insurance as articulated in party documents and presentations. By end October 2009 there was still no Government document on NHI in the public domain.

1. ANC Policy on Proposed National Health Insurance

In December 2007 at the Polokwane conference of the African National Congress (ANC) (see <http://www.anc.org.za/ancdocs/history/conf/conference52/index.html>), a number of resolutions were taken, (see <http://www.anc.org.za/ancdocs/history/conf/conference52/resolutions.html>), including the following on NHI:

“ON HEALTH,

52. Education and health should be the two key priorities of the ANC for the next years.
53. Reaffirm the implementation of the National Health Insurance System by further strengthening the public health care system and ensuring adequate provision of funding.” ...

The ANC National Executive Committee (NEC) Sub-committee on Health and Education is chaired by Dr Zweli Mkhize. This Sub-committee set up an ANC Task Team led by Dr Olive Shisana in July 2008 to prepare a policy proposal for consideration by the subcommittee and later by the NEC. However none of the documents produced by that task team or considered or approved by the ANC NEC have been released in the public domain.

A short summary of the ANC proposals for NHI was included in the party's election manifesto for the elections in April 2009 (see <http://www.anc.org.za/elections/2009/manifesto/manifesto.pdf>)

“In practical terms, the ANC government will: ... Introduce the National Health Insurance System (NHI) system, which will be phased in over the next five years. NHI will be publicly funded and publicly administered and will provide the right of all to access quality health care, which will be free at the point of service. People will have a choice of which service provider to use within a district. In the implementation of the NHI there will be an engagement with the private sector in general, including private doctors working in group practices and hospitals, to encourage them to participate in the NHI system.”

The first broad description of the ANC proposal for a National Health system was contained in an issue of ANC Today dated 23-29 January 2009.

African National Congress (2009). National Health Insurance: A revolution in health care, ANC Today (Vol. 9 No.3) Johannesburg: African National Congress.

URL: <http://www.anc.org.za/ancdocs/anctoday/2009/at03.htm#art2>

"The implementation of the national health insurance plan means transformation of the funding model for health as well as reorganisation of health care delivery. Universal access to health services can only be achieved through a simultaneous and two-pronged approach. First, significantly strengthen the public sector so that it becomes the provider of first choice. Second, design mechanisms for ensuring that scarce and critical health service resources in both public and private sector are shared and optimally used by all to maximise social value. ... "The establishment of National Health Insurance is predicated on two core principles:

"First, the right to health: the state must take reasonable legislative and other measures, within its resources, to achieve the progressive realisation of the right to access health care services. A key aspect of ensuring access to health care is that services must be free of any charges at the point of use.

"Second, social solidarity and universal coverage: The commitment to social solidarity in the South African health system means a mandatory contribution by South Africans to funding health care according to their ability to pay. Given the massive income inequalities, progressive funding mechanisms must be used (i.e. the rich should contribute a higher percentage of their income to funding health services than the poor) and the government contributes for the indigent."

The most recent public release of information on the planned NHI is a four page summary in the "ANC Today" of 24-30 July. <http://www.anc.org.za/ancdocs/anctoday/2009/at29.htm>

"The broad objective of the NHI is to put into place the necessary funding and health service delivery mechanisms, which will enable the creation of an efficient, equitable and sustainable health system in South Africa. It will be based on the principles of the right to health, social solidarity and universal coverage."

"NHI will be funded through a combination of current sources of government health spending, including the removal of tax subsidy for medical schemes and a modest mandatory or compulsory contribution by employer-employee contribution which will be split equally." "Contribution will be less than what members and their employers currently pay to medical schemes. Certain categories of workers, due to their low-income status, will be exempted from the contribution. All these funds would be placed in a single pool that would be available to fund all health care in the public and private health sector under conditions that would apply to all health care service providers."

The **National Health Insurance Plan for South Africa** document, dated 16 February 2009, was leaked to the Business Times and is available from:

<http://www.thetimes.co.za/PrintEdition/PDFs/ANC-NHI-16Feb2009.PDF>

An updated version of the **National Health Insurance Policy Proposal**, dated 22 June 2009, is available from:

http://wikileaks.org/wiki/African_National_Congress_National_Health_Insurance_plan%2C_July_2009

There are considerable differences between the two versions. The February document does not use the phrase "medical scheme" once in the 200 pages of the report while the shorter June version of 64 pages uses the phrase extensively. Neither of the versions contains any financial costings or economic evaluations of the proposals.

2. Government Documents on Proposed National Health Insurance

The ANC proposals were handed to the Department of Health for further development in late June 2009. There are no documents by Government in the public domain on the current NHI proposals under development. There are however references to the proposed timelines in several documents.

Department of Health Strategic Plan

The previous Minister of Health, Barbara Hogan, prepared the document "Strategic Plan 2009/10 to 2011/12" (see <http://www.doh.gov.za/docs/misc/stratplan/2009-2011/index.html>). Priority 2 is the Implementation of National Health Insurance.

"(a) Finalisation of NHI Policies and implementation plans

Over the next MTEF period, the Department will continue to work towards the design of the National Health Insurance (NHI) system for South Africa that promotes health system integration and ensures universal access for all South Africans. The set targets are to produce a comprehensive policy document (White Paper) proposing a framework for an integrated NHI, as well as to publish the draft legislation (the NHI Bill) for public comment by March 2010.

(b) Implementation of Immediate implementation of steps to prepare for the introduction of the NHI (e.g. Budgeting, Initiation of the drafting of legislation)

The necessary institutional and organisational structure to start implementing NHI will be put in place by March 2010. This will be achieved in collaboration with all key stakeholders from within and outside government, particularly the stakeholders already involved in conducting technical work to facilitate the implementation of NHI. The key priority towards such implementation will be the strengthening of the public health sector.

In the meantime, to expand access to health care services in public hospitals and reduce the financial burden for the indigent, the Department will in 2009/10 develop policy proposals for the removal of user fees for specified patient groups in public facilities. The policy proposals will include the writing off of all medical debts of H1 and H2 patients. These proposals will be consulted with all stakeholders and policy makers in 2009/10 and will be implemented by 2011/12."

Department of Health Ten Point Plan

The new Minister of Health, Dr Aaron Motsoaledi, has continued to focus on the Ten Point Plan. The most recent version, with more detailed information on the sub-projects for NHI, suggests that the NHI policy document will be released in November 2009 and a revised version, including public comment, will be ready for Cabinet by April 2010.

(see <http://www.doh.gov.za/docs/misc/tenpointplan09.pdf>).

Establishment of NHI Advisory Committee

The Government Gazette GG32564 of 11th September announced the formation of the National Health Insurance Advisory Committee. It will advise the Minister of Health on the development of policy and legislation relating to the introduction of NHI. It provides for the appointment of a committee, its terms of reference and for remuneration of committee members.

<http://www.greengazette.co.za/docs/2009/09/Gazettes/National/20090911%20-%20National%20Gazette%20No%2032564%20of%2011-Sep-2009,%20Volume%20531.pdf>

National Strategic Planning

The Minister in The Presidency for National Planning, Trevor Manuel, released a Green Paper on National Strategic Planning (see http://www.info.gov.za/issues/planning_performance/index.htm). It has been suggested in media interviews that extensive reform like NHI will need to be considered as part of this strategic planning process.

National Treasury

Andrew Donaldson, deputy Director-General Public Finance, spoke at the BHF Conference on 31 August 2009 on "The economics of health system change: A public finance perspective". Slides available at:

<http://www.bhfglobal.com/bhf-conference-papers-and-presentations-2009-0>

3. Commentary on the NHI Policy Process

Carol Paton, writing in the Financial Mail on 30 January 2009 said:
(previously at <http://free.financialmail.co.za/09/0130/cover/coverstoryf.htm>)
URL: <http://www.netassets.co.za/article.aspx?id=928353>

"A working group within the ANC headed by Human Sciences Research Council CEO Olive Shisana has provided an initial outline of the scheme. ... The proposals are not yet in the public domain and Shisana's statements to the FM are the first indication of what the ANC is thinking. They are also not yet in the domain of government, and government officials have not had a hand in the conceptual planning or been asked to crunch any numbers." ...

"Finance Minister Trevor Manuel has also publicly expressed doubts. In an interview ... Manuel said that some of the election promises in the ANC manifesto, including an NHI, might not be possible under current economic conditions."

Anso Thom, writing for Health-e News on 29 May 2009 in an article "Rush job on NHI?" provides some insight into the political process of developing the NHI plan and the lack of documents in the public domain:

<http://www.health-e.org.za/news/article.php?uid=20032310&PHPSESSID=2ded4dc509e0091a07c33ef86f0535a0>

The Financial Mail ran a cover story on NHI with three articles by Carol Paton on 31 July 2009 which gives an overview of the debate and an insight into the process of preparing the ANC proposals.

- THE NATIONAL HEALTH INSURANCE (NHI) SCHEME: Misdiagnosis:
<http://www.financialmail.co.za/09/0731/cover/coverstory.htm>
- WHAT CAN AND WILL PROBABLY GO WRONG UNDER THE NHI: A heavy load to carry
<http://www.financialmail.co.za/09/0731/cover/coverstoryb.htm>
- THE POLITICS OF THE NHI: Left-hand drive
<http://www.financialmail.co.za/09/0731/cover/coverstoryc.htm>

4. Other Political Party Views of National Health Insurance

Several other political parties made reference to National Health Insurance in their manifestos and policy documents for the national elections held in April 2009. There seems to be an unusually high level of political agreement behind the idea of universal coverage and a mandatory health system.

4.1 African Christian Democratic Party (ACDP)

<http://www.acdp.org.za/index.php?page=policy10>

"Our overall aim is to reduce taxation of companies so that they, together with their employees can contribute towards medical saving schemes. The idea of the health savings scheme is to encourage companies under the reduced TEAL taxation method to provide health insurance benefits to their workers. Instead of a full payment on health insurance, employees are required to contribute at least one third to this fund, while the company pays the balance. The company's contribution provides for general health care, while the employee's share is put away for health coverage in the case of unemployment or exhaustion of their health benefits. Through this scheme, the employee pays a lower premium per annum as the employer covers the rest. The employee thereby saves whilst being provided with full health insurance cover."

4.2 Congress of the People (COPE)

http://www.congressofthepeople.org.za/documents/cope_manifesto.pdf

"Among other things we will ensure that: develop a strategic partnership with the private health care providers in order to extend affordable health provision for all our people; the transformation of the health sector is prioritised and that the private and the public sector services are integrated;"

4.3 Democratic Alliance (DA)

"The DA supports some individual aspects of the broad social health insurance plan. For example, we support compulsory medical aid contributions because we believe that individuals who are able to should be expected to make their own plans for medical cover. However, we object, on grounds of both principle and practicality, to the broader framework of the NHI.

"These proposals amount primarily to a restructuring of the way in which health care is financed, with the imposition of a more complex and layered system, more government involvement in the financing of private health care and the creation of centralised payment collection unit. The DA believes that the priority in health care does not relate to changing how the system is funded, but rather to improving the basics of delivery. Furthermore, the government's proposals remove many of the elements from the market for health care that have been shown across the world to be essential components of any properly functioning market, and competition and choice in particular."

"If more money is to be allocated to public health care, and the DA believes this is necessary, this money should come from the general tax revenue pool rather from ring-fenced funds, because ring-fencing is less efficient and direct and involves the creation of further cumbersome layers of bureaucracy."

Democratic Alliance (2008). Quality care for all. The DA's plan for health care in an open opportunity society for all. November 2008. URL: <http://www.da.org.za/docs/655/health-review11.pdf?PHPSESSID=6b7d2123e2009dfb1de9ab933c172b6c>

4.4 Independent Democrats (ID)

<http://www.id.org.za/policies/2009-id-manifesto/>

"The Independent Democrats believes not only in health care for all, but in quality health care for all. It is clear that more money needs to be directed at improving the desperate state of many of our countries hospitals and clinics. This could be achieved through the introduction of a National Health Insurance Scheme with the money being directed at improving the public health care sector."

4.5 Inkatha Freedom Party (IFP)

<http://www.ifp.org.za/2009/2009NATIONALMANIFESTO-FULL.pdf>

National Health Insurance is not specifically mentioned.

4.6 United Democratic Movement (UDM)

http://www.udm.org.za/docs/2009_manifesto_reduce.pdf

National Health Insurance is not specifically mentioned.

5. Stakeholder Perspectives on NHI

5.1 People's Health Movement in South Africa

"The Right to Health is about people's access to healthy food, clean water, decent sanitation, adequate housing/shelter, steady employment and proper health information. Because health is determined by so many factors outside the health services, we need to promote people's understanding of the Social Determinants of Health as part of the campaign. The campaign must be led by civil society, including many sectors required for the health of communities."

"PHM in South Africa (known as PHM-SA) first started meeting and organising in 2003. The Right to Health Campaign was officially launched in Cape Town in September 2007. There are around 320 people on the PHM-SA email list and 75 organisations have endorsed the campaign."

"The goal of PHM-SA is to promote and work towards the achievement of health for all. We aim to do this through a process of awareness raising, capacity building and partnerships with other organisations and institutions, bringing together all those struggling to eradicate the current health inequalities experienced in South Africa. To achieve this it is vital to increase community participation in decision-making regarding health challenges at all levels. We promote a comprehensive public health care system and call for an effective response to the social determinants of health, such as socio economic inequalities and poor access to basic services."

"PHM-SA puts out an occasional publication called Critical Health Perspectives, available for download off the PHM global and South African websites. We participate in local, national and international campaigns for social justice and equity, and undertake advocacy and public comment on current challenges facing South Africa's health and social system."

<http://www.phmovement.org/en/circles/183/page> and <http://asnahome.org/peopleshealth/>

5.2 Treatment Action Campaign (TAC) and AIDS Law Project (ALP)

Joint statement by TAC and ALP on NHI: "National Health Insurance is necessary for equitable healthcare":

<http://www.tac.org.za/community/node/2558>

TAC has extensive material on health and human rights. "TAC is serialising articles by Mark Heywood that look at issues of global health, politics, human rights and the law. The aim of the articles is to set in motion a discussion among TAC activists and supporters about the broader political and social context to campaign work on HIV."

Health and the Inequality of Poverty: Towards a Right-based Convention on Global Health

<http://www.tac.org.za/community/heywood>

5.3 South African Communist Party (SACP)

The SACP has not contested elections as a party in its own right but as a member of the Tri-partite Alliance: ANC, SACP and COSATU.

On the occasion of the 88th Anniversary of the SACP, the General Secretary, Comrade Blade Nzimande, said: (see <http://www.sacp.org.za/main.php?include=docs/sp/2009/sp0802.html>)

"During this anniversary we have already launched a programme of red forums whose aim is to deepen communist activism amongst the people. These include the following:

"Mobilisation of the workers and communities to effectively participate in the implementation of the five key priorities as contained in the ANC Manifesto - building a strong COSATU to create decent work; building local people's education committees for free, quality education for the poor; building health committees for implementation of the National Health Insurance; building street committees to fight crime; and building people's land committees for rural development and agrarian transformation

"Through these red forums we are also launching our campaign to organize and mobilize for the implementation of the National Health Insurance (NHI). The capitalist classes in the health sector, together with their lackeys and the media have already started a campaign to oppose the introduction of the NHI. The NHI aims to ensure universal access to affordable and quality health care for all, with the rich subsidizing the poor, and no up-front payment for health services. As part of this campaign to defend the NHI, the SACP further calls and will campaign for an end to the outsourcing of services in the public health system and for the return of all outsourced services into the hands of public health institutions."

South African Communist Party on the "State of South Africa" and the need for "Radical Transformation of Health-Care":

<http://www.politicsweb.co.za/politicsweb/view/politicsweb/en/page71619?oid=143286&sn=Marketing+web+detail>

"To achieve an NHI will require a major class struggle, there are massively funded private corporate interests that have already begun to unleash an anti-NHI campaign. Ensuring that there is the determination and capacity in the state to go ahead with the process of rolling out an NHI will need reinforcement through popular struggle - on the ideological and practical fronts. Health-care workers and professionals will need to play an active role."

5.4 Congress of South African Trade Unions (COSATU) and Affiliates

The **National Education Health and Allied Workers' Union (NEHAWU)** held a special Central Executive Committee meeting on the 31 July 2009 following a four day National Political School held on the 27-30 July 2009. NEHAWU "Supports the introduction of the National Health Insurance scheme, the strengthening and revitalization of the primary health care and district health system as part of the overall transformation of healthcare system."

<http://www.politicsweb.co.za/politicsweb/view/politicsweb/en/page71619?oid=138492&sn=Marketingweb+detail>

Slides used at the NEHAWU Political School to explain NHI are available from:

http://wikileaks.org/wiki/African_National_Congress_National_Health_Insurance_plan_presentation_to_NEHAWU_political_school%2C_2009

The **10th COSATU National Congress** was held in late September 2009. Resolutions on health were discussed and the final declaration was as follows:

"We are appalled by the state of health care in South Africa. Private health care continues to take the lion's share of health resources while serving fewer than 20 percent of the population. This illustrates the inefficiency and wastage rampant in the private health care system. The push for profits in private health care is raising health care costs for ordinary workers that are members of medical schemes.

At the other end, is a poorly resourced and over-burdened public health care system, which caters for the poor. It is against this background that we will work hard to ensure the creation of a National Health Insurance Scheme. We however caution that the changes in the health care system should be sensitive to employment in the entire health system."

<http://www.cosatu.org.za/list.php?list=10th%20national%20congress>

5.5 Organised Business and Employers Perception

No new position papers or surveys available.

5.6 National Economic Development and Labour Council (NEDLAC)

"At Nedlac, Government comes together with organised business, organised labour and organised community groupings on a national level to discuss and try to reach consensus on issues of social and economic policy. This is called "social dialogue". Nedlac's aim is to make economic decision-making more inclusive, to promote the goals of economic growth and social equity."

Organised business has requested that National Health Insurance be placed on the Nedlac agenda.

<http://www.nedlac.org.za/>

5.7 South African Medical Association (SAMA) and Doctors Perception

No policy documents available but comments or descriptions of conference proceedings found in:

South African Medical Journal: <http://www.samj.org.za/index.php/samj>

Medical Chronicle: http://www.wilbury.co.za/mc_archive.html

5.8 Nurses and Other Health Workers

The trade union Solidarity has produced a report on the nurse shortage in South Africa. "Nurse shortage in South Africa: Nurse/Patient ratios", dated May 2009. Download from:

<http://www.solidaritysa.co.za/Home/home.php> or contact Solidarity at enquiries@solidariteit.co.za

5.9 Hospital Association of South Africa (HASA)

<http://www.hasa.co.za/>

HASA Conference 2009: slides on **Investigating Private Hospital Sector** by Barry Childs

<http://www.hasa.co.za/documents/detail/52/>

The **HASA Private Hospital Review 2009** contains the following research articles [can be downloaded from IMSA web-site]:

- National Health Insurance in SA
- Hospital Admission Rates in SA
- Private Hospital Capacity
- Extent of Cross-Subsidies in SA Healthcare System
- National Health Reference Price List
- Partnering Sectors

5.10 Board of Healthcare Funders (BHF)

National Health Insurance – Finding a model to suit South Africa. Written by Heidi Kruger – Head of Corporate Communications, PCNS and FMU at the Board of Healthcare Funders. "The views expressed in this article are the views of the author and do not necessarily reflect those of the BHF or its members".

<http://www.bhfglobal.com/national-health-insurance-%E2%80%93-finding-model-suit-south-africa>

The **Board of Healthcare Funders**, following an industry meeting in March 2009, has prepared a **formal position document on National Health Insurance**.

"At an industry meeting convened recently by the Board of Healthcare Funders, medical schemes pledged their support for a National Health Insurance in South Africa and the commitment by government to provide comprehensive healthcare to all South Africans. In a document compiled from deliberations at the meeting, medical schemes state their position on various aspects of the implementation of a NHI system". [Download full document from IMSA web-site]

See also the press release:

<http://www.bhfglobal.com/files/bhf/Member%20schemes'%20official%20position%20on%20NHI.doc>

The BHF Conference held from 30 August 2009 focused extensively on NHI. Presentations are available from http://www.health-e.org.za/health/category_list.php?uid=73 and <http://www.bhfglobal.com/bhf-conference-papers-and-presentations-2009-0>

5.11 Human Sciences Research Council (HSRC)

HSRC Policy Action Network (P>AN)

"The P>AN has a website that seeks to support the South African policy community by providing resources on policy-related issues in a range of thematic areas: the developmental state, gender, health, poverty, social & economic policy, social innovation and social protection."

Health section: <http://www.pan.org.za/health.html>

5.12 Development Bank of South Africa (DBSA)

No update on the ROADMAP process as yet.

5.13 Free Market Foundation

Towards Quality Health Care for All. FMF Feature Article / 10 February 2009. By Eustace Davie
<http://www.freemarketfoundation.com/ShowArticle.asp?ArticleType=Issue&ArticleId=2550>

5.14 FinMark Trust

FinMark Trust is an independent trust established in March 2002 with funding from the UK's Department for International Development (DFID). The mission is summarised in the slogan: "Making Financial Markets Work for the Poor". <http://www.finmark.org.za/index.aspx>

FinMark Trust commissioned a discussion document entitled "Making health insurance work for the low-income market in South Africa: Cost drivers and strategies". The report was released in August 2009 and is available on http://www.finmark.org.za/documents/HI_drivers.pdf

"This report presents the findings and conclusions of a study that identifies the main drivers of health insurance costs in South Africa, as well as strategies that can be used to reduce these costs, to support the inclusion of low-income earners."

"The findings of this report suggest that a health insurance system can play a useful role in moving South Africa towards universal healthcare. In line with best international practice, the breadth of coverage offered by employer sponsored medical schemes could be expanded to incorporate a state sponsored component. This broader based pre-payment system can then be progressively coordinated with other sources of public and private funding in a coherent whole that ensures cover for all population groups. In this way, the valuable institutional capacity and healthcare services developed under the medical scheme and public sector systems can be used as building-blocks in meeting national objectives."

5.15 Health-e News

"Health-e is a news agency that produces news and in-depth analysis for the print and electronic media. Our particular focus is HIV/AIDS, public health and issues regarding health policy and practice in South Africa."

<http://www.health-e.org.za/>

Health-e partners are:

- The Atlantic Philanthropies: www.atlanticphilanthropies.org
- The Open Society Foundation: www.osf.org.za
- Johns Hopkins International: www.jhintl.net

Health-e “will publish opinion pieces from various stakeholders and experts on National Health Insurance.” Articles include:

- SA healthcare in desperate need of reform – by Prof Gavin Mooney
- 'Why we need NHI now' - by Prof Di McIntyre
- Shisana on NHI – by Dr Olive Shisana
- Zweli Mkhize on the NHI – by Dr Zweli Mkhize
- NHI - What's wrong with this debate? – by Alex van den Heever
- Discovery - 'Bring the NHI debate into the public domain' – by Dr Jonny Broomberg
- NHI: The need for a value-driven, inclusive process – by Marthie Momberg
- Promises. Promises. Why the National Health Insurance plan needs hard numbers – by Prof Servaas van der Berg and Prof Heather McLeod

See http://www.health-e.org.za/health/category_list.php?uid=73

5.16 Amandla! “Taking Power Seriously”

Amandla! is published by AIDC which “aims to strengthen the movement for social justice through the production of alternative knowledge and by enhancing the institutional capacity of Peoples’ Media Organisations and the communication capacity of progressive civil society organisations that facilitates a dialogue giving voice to the poor and marginalized locally and internationally.”

See “The NHI Debate” on the Amandla! web-site.

<http://www.amandlapublishers.co.za/special-features/the-nhi-debate>

6. Costings and Evaluation of NHI

6.1 The COSATU Costing by Calikoglu and Bond

The original costing for the post-Polokwane NHI proposals was prepared for COSATU by Sule Calikoglu and Patrick Bond and is dated August 2008. It was initially not in the public domain but can now be downloaded from:

<http://www.amandlapublishers.co.za/special-features/the-nhi-debate/214-preliminary-costing-estimates-for-national-health-insurance>

6.2 The HEU Costing by McIntyre, Ataguba and Cleary

A costing entitled “Brief overview of preliminary modelling of NHI resource implications” was produced as part of the SHIELD project by Di McIntyre, John Ataguba and Sue Cleary. All are from the Health Economics Unit, University of Cape Town. The report is not yet on the web-site.

The SHIELD project web-site is at: <http://web.uct.ac.za/depts/heu/SHIELD/about/about.htm>

6.3 Costing and Evaluation by Van der Berg and McLeod

Business Day published an opinion piece by Prof Servaas van der Berg and Prof Heather McLeod on the promises being made and the lack of hard numbers. They concluded "The NHI proposal can only be taken seriously once a proper analysis of its costs, fiscal consequences and affordability has been undertaken. The current proposal is beyond what the country can afford."

Promises. Promises. Why the National Health Insurance plan needs hard numbers – by Prof Servaas van der Berg and Prof Heather McLeod.

<http://www.health-e.org.za/news/article.php?uid=20032492>

6.4 Costings and Evaluations by ECONEX

"ECONEX was established in 2005 due to the growing need for applied work in competition economics. Since then, the company has grown into a more diverse economics consultancy with not only extensive experience in competition cases, but also trade analysis and general applied economics."

<http://www.econex.co.za/>

ECONEX has produced papers on healthcare issues and has begun a series of special research notes on aspects of the National Health Insurance plan. "... the concern at the moment is that little is known about the technical detail of the proposed scheme, that has promised to provide universal coverage for all SA citizens. The key question is whether South Africa can afford such a scheme at this stage. In order to contribute to this debate, ECONEX is engaged in a comprehensive costing exercise where we will estimate the total cost to the economy of the introduction of such a scheme. This research project is undertaken with the aid of Prof. Servaas van der Berg and Dr. Ronelle Burger, both from the University of Stellenbosch, Economics Department.

The special series of NHI Notes will deal with some of the key issues in the current debate and will be sent out regularly in order to stimulate a more informed debate on this very important issue."

Demand for Healthcare and Health Insurance in South Africa

http://www.econex.co.za/index.php?option=com_docman&task=doc_details&gid=26&Itemid=60

The Extent of Current Cross-Subsidisation in the SA Health System

http://www.econex.co.za/index.php?option=com_docman&task=doc_details&gid=40&Itemid=60

NHI Note 1: Key Features of the Current NHI Proposal

http://www.econex.co.za/index.php?option=com_docman&task=doc_details&gid=42&Itemid=60

NHI Note 2: South Africa's Burden of Disease

http://www.econex.co.za/index.php?option=com_docman&task=doc_details&gid=43&Itemid=60

6.5 Costing and Evaluation by Van den Heever

Alex van den Heever provided estimates of the cost of NHI in an article dated 11 September 2009. [Download from IMSA web-site]

“Total annual expenditure required amounts to approximately R358 billion per annum or 15.7% of Gross Domestic product (GDP). This estimate incorporates efficiency improvements and the complete elimination of private medical scheme administrators, brokers, and managed care companies. Of this amount R127 billion includes health service providers that do not exist in South Africa”.

The article provides estimated costs on various parts of health reform and the administration of NHI. “Presently the South African Social Security Agency (SASSA) which has a similar configuration, but with more straightforward functions, has administration expenditure equivalent to 8% of turnover. Extrapolating this minimum administration cost onto the NHIA would result in an expense of R16 billion per annum (at the low estimate of R200 billion turnover per annum) which would have to be up and running before extending a single service.”

7. Useful International Resources on NHI Reform Issues

7.1 Health Affairs and the Robert Wood Johnson Foundation (RWJF)

A new series of policy briefs has been prepared dealing with reform issues in the USA. South Africa currently has a very similar system to the fragmented “American nightmare”, as Prof Di McIntyre calls it. Some of the reform issues being written about in the USA are relevant to reforming reimbursement, contracting, quality and paths to universal coverage.

“The [US] nation's leading health policy journal, with support from RWJF, is now offering free online Health Policy Briefs. These provide a clear, accessible one-stop overview of front-burner health issues. You can read the briefs at: <http://www.healthaffairs.org/healthpolicybriefs/>

“The briefs are geared to policymakers, congressional staffers, and others who need short, jargon-free explanations of health policy basics. The briefs include competing arguments from various sides of a policy proposal and the relevant research supporting each perspective.”

“Health Policy Briefs offer more context than fact sheets but are a quicker read than most backgrounder papers. The jargon-free information is objective and reviewed by Health Affairs authors and other specialists with years of expertise in health policy. Color maps and charts help tell the policy story at a glance, and often show how individual states are affected.”

“Sign up for an email alert about upcoming briefs at:”
http://www.healthaffairs.org/1260_opt_in.php

The briefs are also available from RWJF's web-site, at www.healthreform.org

7.2 The Commonwealth Fund

The Commonwealth Fund in the USA is a private foundation that aims to promote a high performing health care system that achieves better access, improved quality, and greater efficiency.

<http://www.commonwealthfund.org/>

For example: "A new Commonwealth Fund report, *Finding Resources for Health Reform and Bending the Health Care Cost Curve*, examines policy options that could significantly slow the growth in health spending, improve health outcomes, and provide additional revenues to finance comprehensive reform.... the analysis compares and contrasts estimates of savings from enacting various policy changes, such as revising the way Medicare Advantage plans are paid, paying hospitals a bundled rate that covers acute and post-acute care, investing in comparative effectiveness research, and more. The report, which compares estimates developed by the Lewin Group (for The Commonwealth Fund), the Office of Management and Budget, and the Congressional Budget Office, illustrates how widely estimates of policy options can vary based on underlying assumptions."

"As the report shows, significant savings are indeed possible. The central challenge, say the authors, will be building the consensus needed to implement a set of policies that simultaneously expand access to care, improve quality, and slow the rate of cost growth."

<http://www.commonwealthfund.org/Content/Publications/Fund-Reports/2009/June/Finding-Resources-for-Health-Reform.aspx>

Commission on a High Performance Health System is a major program of The Commonwealth Fund. The "Board of Directors recognized the need for national leadership to revamp, revitalize, and retool the U.S. health care system. The Commission's 14 members, a distinguished group of experts and leaders representing every sector of health care, as well as the state and federal policy arena, the business sector, professional societies, and academia, are charged with promoting a high-performing health system that provides all Americans with affordable access to high-quality, safe care while maximizing efficiency in its delivery and administration. Of particular concern to the Commission are the most vulnerable groups in society, including low-income families, the uninsured, racial and ethnic minorities, the young and the aged, and people in poor health."

"The Commission has ignited considerable public interest and attention. Its greatest accomplishments so far have been to highlight for the public specific areas where health system performance falls short of what is achievable, and to recommend key strategies for transforming the system."

<http://www.commonwealthfund.org/Content/Program-Areas/High-Performance-Health-System/Commission-on-a-High-Performance-Health-System.aspx>

Resources on the IMSA Web-site

This brief is a collation of the IMSA NHI web-site pages on this background topic. The web-site has additional documents that can be downloaded: www.imsa.org.za

The policy with respect to documents prepared by other organisations is to use a link to their web-site wherever possible. However over time some documents are removed, web-sites are redesigned or organisations change. Examples where the original is no longer available are many of the historical documents from the Department of Social Development. If another site is found that hosts the document we will gladly reinstate a link to that URL.

As the purpose of this series is to put in the public domain material and evidence that will progress the technical work of developing a National Health Insurance system, we would be delighted if you make use of it in other research and publications. All material produced for the IMSA NHI Policy Brief series and made available on the web-site may be freely used, provided the source is acknowledged. The material is produced under a Creative Commons Attribution-Noncommercial-Share Alike licence.



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Innovative Medicines South Africa (IMSA) is a pharmaceutical industry association promoting the value of medicine innovation in healthcare. IMSA and its member companies are working towards the development of a National Health Insurance system with universal coverage and sustainable access to innovative research-based healthcare.

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