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Wits, Dept. of Sociology and Harold Wolpe Dialogue

22 April 2010

JHB

Topic:

**NATIONAL HEALTH INSURANCE? OR
NATIONAL HEALTH SYSTEM**

Speakers:

Prof Di McIntyre

S A Research Chair in “Health and Wealth”
University of Cape Town

Dr Karl von Holdt

Society, Work and Development Institute
University of the Witwatersrand

The aim of these dialogues is to create a space for open and informed dialogue and debate around key local and global political, social and economic issues facing South Africa.



National health insurance or national health system?

Di McIntyre

Health Economics Unit,
University of Cape Town



Overview

- Why do we need health system change (briefly)?
- What kind of change do we need?
 - Avoiding unhelpful definitional debates
 - Objectives
 - Ideas on key elements (no crystal ball)

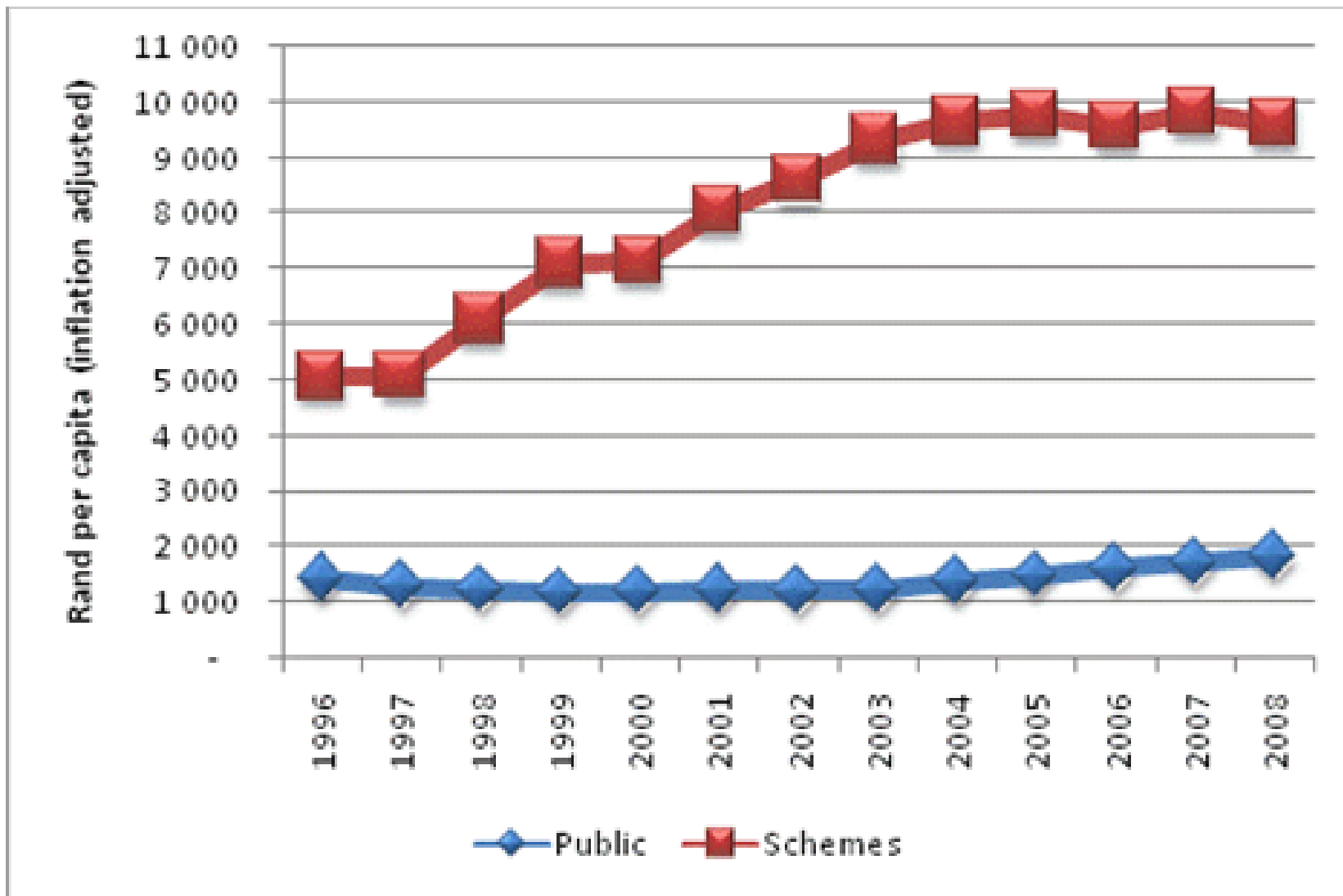


Context: Income inequalities

- Share of income for richest 10% of population: 51%
- Share of income for poorest 10% of population: 0.2%

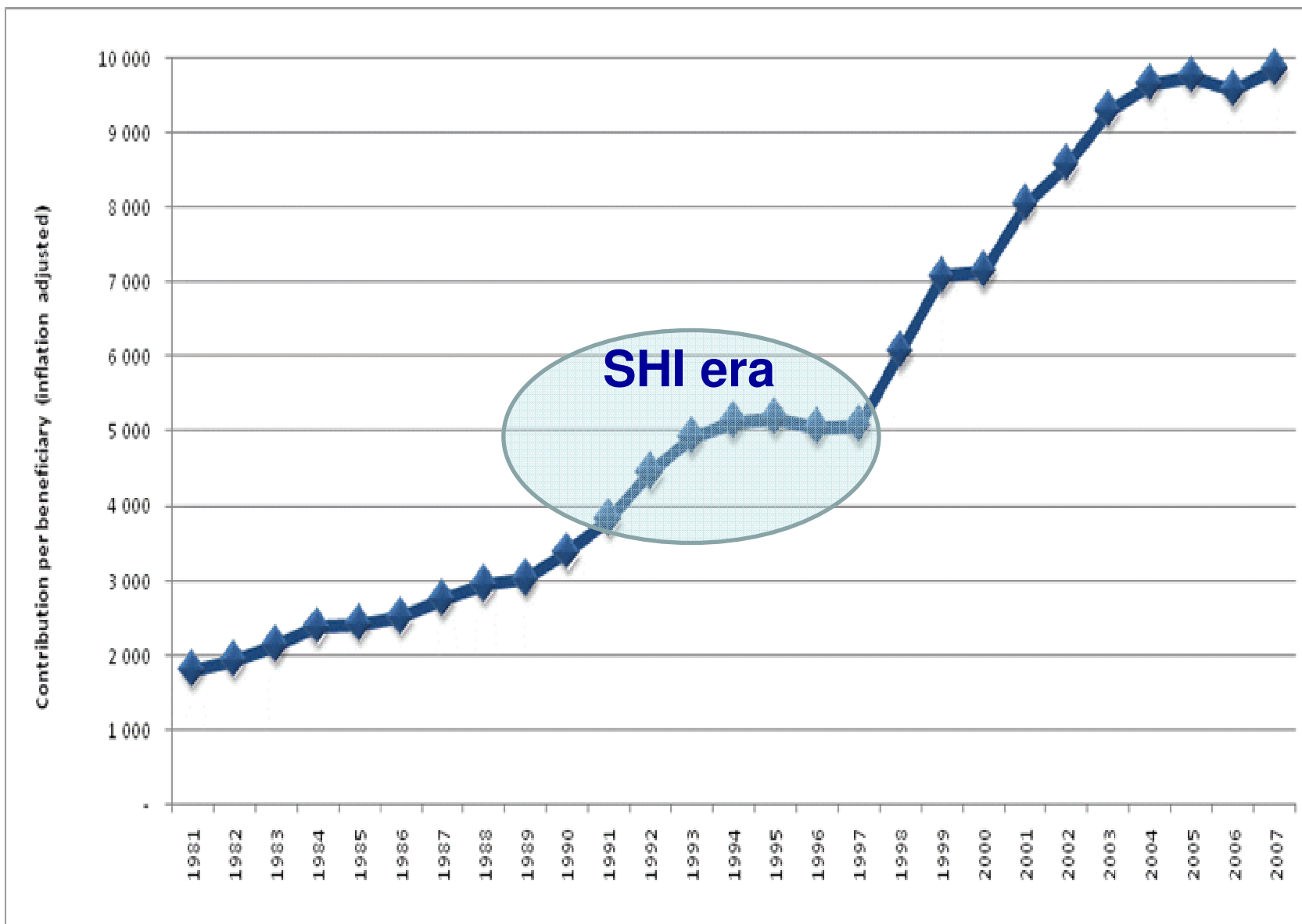


Trends in health spending





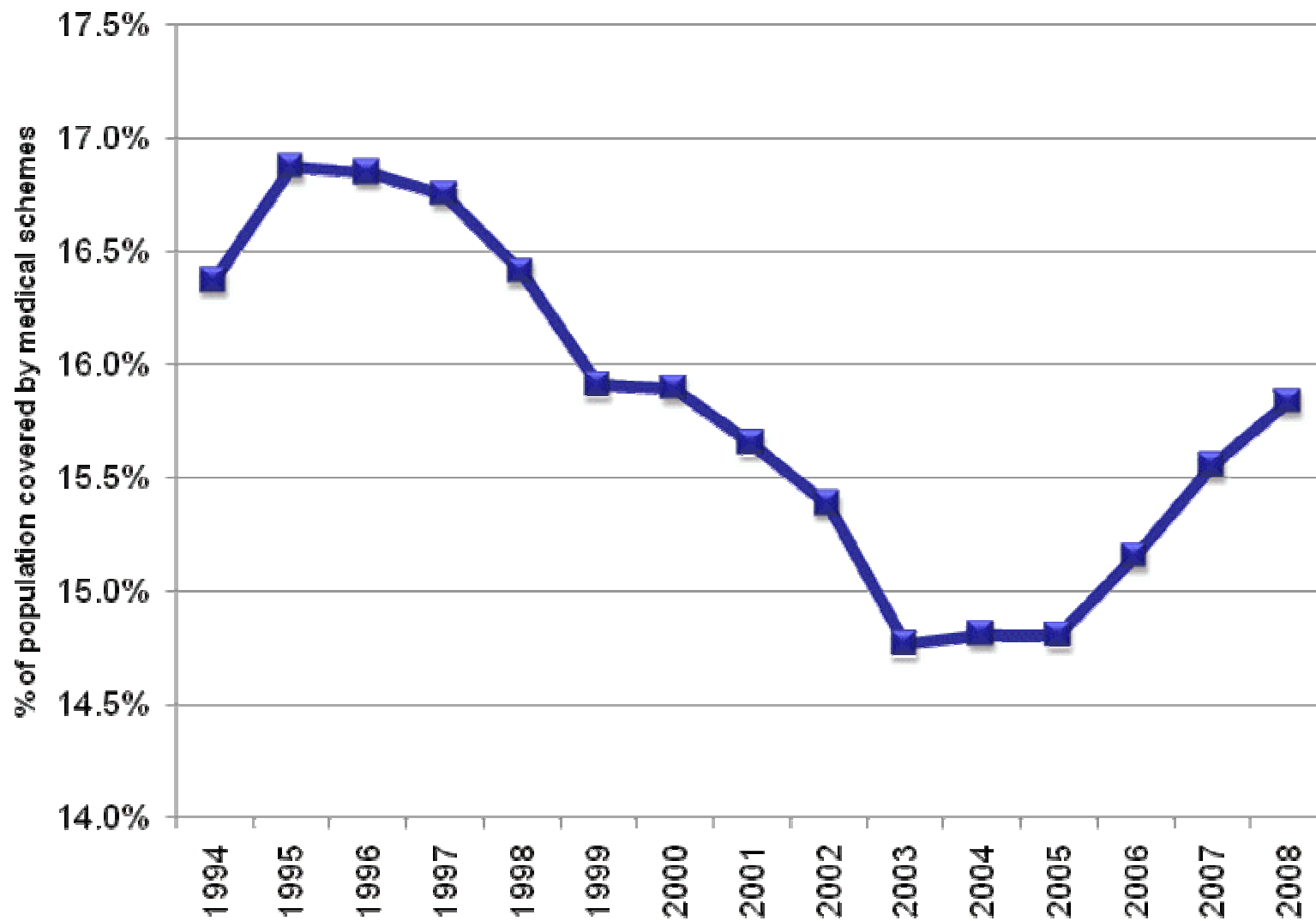
Medical scheme affordability?





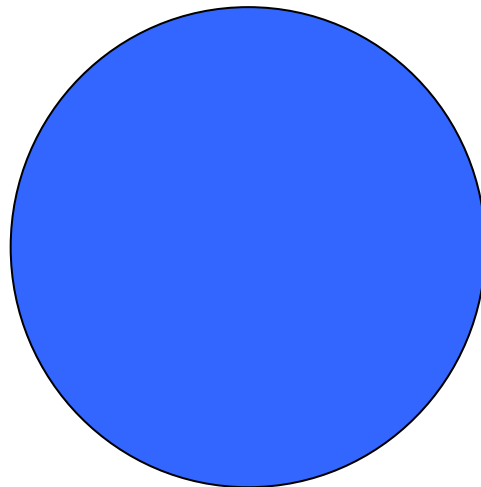
Health Economics Unit, University of Cape Town
South Africa

Affordability of schemes





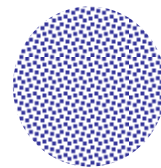
Fragmented pools (2008)



Tax:

43% of funds

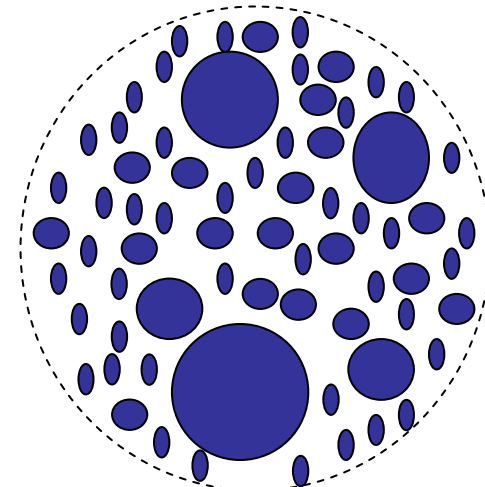
**84% of
population for
inpatient &
specialist care
(68% PHC)**



**Out-of-
pocket:**

13% of funds

**(16%
uninsured
use private
GP &
pharmacy on
OOP basis)**



Medical schemes:

44% of funds

16% of population



Health system change

- What is a NHI? What is a NHS?
- What the form of health system change is called is irrelevant:
 - Unfortunate that it has been called NHI in SA – preconceived ideas relating to ‘health insurance’
- Focus rather on what one wants to achieve and on core financing functions:
 - Revenue collection
 - Pooling
 - Purchasing



Objectives

- Universal coverage (in line with international consensus):
 - *Financial protection* against costs of health services ('insurance')
 - *Access to needed care*
- Contribute to financing according to ability-to-pay
- Benefit from health services according to need



Revenue generation

- Pre-payment not out-of-pocket payment
- Tax funding should be the core
- Should there be an additional mandatory contribution by formal sector workers?

Would be a strategic intervention to:

- Address two tier system – what happens in medical scheme sector impacts on whole health system
- Offer formal sector workers a ‘viable alternative’ to very expensive medical schemes (crowd out private spending)



Pooling

- “There is growing consensus that, other things being equal, systems in which the degree of risk-pooling is greater achieve more” (Carrin)
- Integrated pool allows for cross-subsidies:
 - Income cross-subsidy: from rich to the poor
 - Risk cross-subsidy: from healthy to ill



Purchasing

- Purchasing is the transfer of pooled resources to health service providers (to ensure that needed services are available in right place and time and in the appropriate quantity and quality):
 - benefit package to which beneficiaries are entitled, including type of service and type of provider, and the route by which different services should be accessed
 - the mechanism for paying providers



Key purchasing issues

- Vastly improved public sector has to be the core:
 - Management autonomy (with accountability)
 - Strengthen resourcing of public facilities (*both* primary care and hospital level)
- Have to find innovative ways of drawing on the service resources located in private sector:
 - Particularly human resources

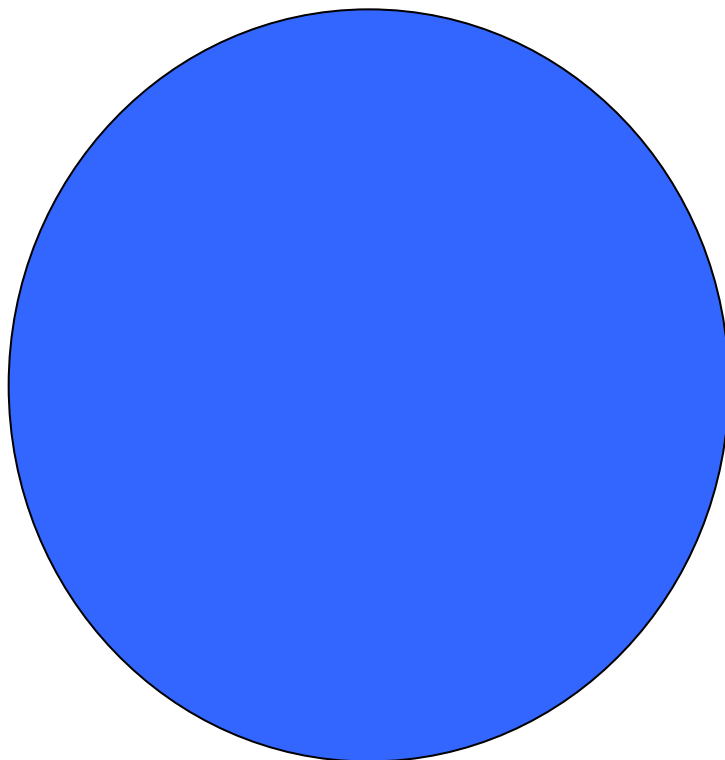


Key purchasing issues

- Gatekeeping to specialist and inpatient care critical for affordability and sustainability
- Provider payment mechanisms also critical:
 - Fee-for-service payments should be avoided
 - Budget caps



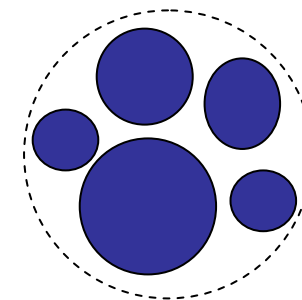
Envisaged universal system



Public funds:
Tax (+ mandatory contributions?)
Whole population entitled
to benefit
(richest will probably have
double cover)



**Out-of-
pocket:**
No fees at
point of
service



**Medical
schemes:**
? 8%-9% of
population



Key issues

- Challenges in public *and* private health sectors need to be addressed
- Strong commitment to achieving a universal health system that provides:
 - Financial protection
 - Access to needed health care
- Appeal that we focus on and constructively debate:
 - Objectives (what do we want to achieve)
 - Appropriate design for core ‘functions’