



Report on the NHI Roundtable Hosted by Idasa 19 January 2010, Cape Town

Session 1: *Financing National Health Insurance: Some Risks and Opportunities*

Speakers: Mr. Alex van den Heever - Independent Economist

Prof. Patrick Bond - Director of the Centre for Civil Society and Senior Professor of Development Studies, UKZN

Session 2: *The Role of the Public and Private Sector in NHI Implementation*

Speakers: Dr. Clarence Mini - Director: Board of Healthcare Funders of Southern Africa

Mr. Tebogo Phadu – Policy Research Coordinator, ANC Policy Unit

The Roundtable was chaired by Ivor Jenkins of Idasa.



Participants

NAME	ORGANISATION / PARTY	EMAIL ADDRESS
Mr. Tebogo Phadu	ANC Policy Unit	tphadu@anc.org.za
Dr. Clarence Mini	BHF	clarencem@togonalab.co.za
Dr. Nicola Theron	ECONEX	Nicola@econex.co.za
Dr. Nkaki Matlala	HASA	nkaki.matlala@mediclinic.co.za
Mr. Ivor Jenkins	Idasa	ijenkins@idasa.org.za
Ms. Marietjie Myburg	Idasa (Aids & Governance Programme)	mmyburg@idasa.org.za
Mr. Justin Sylvester	Idasa (PIMS)	jsylvester@idasa.org.za
Mr. Len Verwey	Idasa (PIMS)	lverwey@idasa.org.za
Mr. Musa Zamisa	Idasa (PIMS)	mzamisa@idasa.org.za
Ms. Judith February	Idasa (PIMS)	jfebruary@idasa.org.za
Ms. Saranne Durham	Idasa (PIMS)	sdurham@idasa.org.za
Ms. Shameela Seedat	Idasa (PIMS)	sseedat@idasa.org.za
Ms. Tanya Shanker	Idasa (PIMS)	tshanker@idasa.org.za
Mr. Alex van den Heever	Independent Economist	alexvdheever@gmail.com
Mr. Albert Van Zyl	International Budget Project	albertvzyl@gmail.com
Ms. Thokozile Madonko	International Budget Project	thoko.madonko@gmail.com
Dr. Okore Okorafor	Medi-Clinic	okore.okorafor@mediclinic.co.za
Mr. Hein van Eck	Medi-Clinic	hein.vaneck@mediclinic.co.za
Mr. Blum Khan	Metropolitan Health Group	pa@mhg.co.za
Ms. Janine Jacobs	NEHAWU	thandekaj@nehawu.org.za
Ms. Melanie Da Costa	Netcare	melanie.dacosta@netcare.co.za
Ms. Vuyiseka Dubula-Mojola	TAC	vuyiseka@tac.org.za
Mr. Sibusiso Gumede	COSATU	sibusiso@cosatu.org.za
Prof. Patrick Bond	UKZN	bondp@ukzn.ac.za
Mr. Paulos Eshetu	UNISA	pauloseshetu@gmail.com
Mr. Joshua Kahn	University of Maryland	jkahn001@gmail.com



1. Introduction

Access to quality health care for all South Africans remains a key challenge facing democratic South Africa. Debates concerning the optimal reform path have increased in urgency given the proposed introduction of a system of National Health Insurance (NHI) in South Africa.

Idasa hosted a roundtable on the 19th of January 2010 in order to generate debate amongst a range of stakeholders on some of the key questions related to the proposed system. It was hoped that the setting would promote a frank exchange of differing opinions and pave the way for further interaction between stakeholders in the coming months.

Idasa's envisaged future role in the NHI process will be to create further opportunities for multi-stakeholder engagement. We believe such engagement can foster trust between stakeholders and contribute to the broad ownership of health reform in South Africa. We believe such trust and ownership are necessary conditions for the success of health reform.

2. Key Questions Emanating from the Roundtable Discussions

The roundtable presentations and discussions touched on a wide range of issues within the health reform and NHI debates, many of which would benefit from more detailed and focused further discussion.

Instead of reporting back on every item that was covered, we have attempted to synthesise a number of central questions which emerged on more than one occasion during the discussions and on which views differed.



a. Resource Adequacy vs Institutional Failure vs Structural Issues

Participants largely agreed that South African health outcomes are disappointing given the economy's current aggregate resources and current combined private and public spending on health.

However, as regards health reform, views differed on the relative emphasis which needs to be placed on increasing the resource envelope available to health, addressing the failures of public and private health institutions to use available resources efficiently and effectively, and the role of structural and historical factors such as the country's high HIV/Aids burden.

The NHI proposes both an increase in resources allocated to health through the public system as well as institutional reform. In essence current budget allocations would remain and individuals above a certain income threshold would make an additional compulsory NHI contribution. Some participants argued that institutional reforms should precede public health resource increases and that, in fact, focusing mainly or exclusively on institutional failures would be of more value than introducing an NHI.



b. Behavioural Adjustment and Financial Risk

The proposed NHI would alter the incentives faced by individuals as well as public and private health institutions and therefore also their behaviour. One simple example is that households who currently contribute to private schemes would, if contributing to a mandatory insurance fund, have less income available for health expenditure and might reduce or eliminate such private contributions.

Views differed, however, on the likely *extent* of behavioural change and whether such change would generate more gains or more losses to the health system. The assessment of likely gains and losses will of course also inform the evaluation of the financial sustainability and fiscal risk associated with the proposed NHI.

Professor Patrick Bond listed a number of potential savings associated with a South African NHI system, such as lower administration costs and the potential of a capitation-based payment system to reduce over-prescription of health services. These potential savings are based on the assumption that the current system is not efficient and is in fact characterised by inflated costs which could be rectified by a National Health Authority. He also pointed out possible gains of a well-functioning NHI which would be significant though more difficult to quantify; these would include improved labour productivity as the result of a healthier workforce and Keynesian-style multiplier effects in the macro-economy.



Alex van den Heever, in looking at the Korean experience amongst others, argued that the introduction of an NHI does not necessarily mean that co-payments will be eliminated or even significantly reduced. Under such circumstances an NHI system will have little equity-enhancing impact and risks becoming allocatively inefficient, in the sense that the marginal social costs of health expenditure exceed the marginal social benefits.

The view was also expressed, in discussing NHI risks, that utilisation rates may increase significantly more than envisaged. While increased utilisation rates are of course a central NHI objective in the sense of making quality health care available to all, and would enhance the equity of the system, increased utilisation in excess of that anticipated could generate significant and unforeseen financial pressure. In this regard the need was also expressed for more detail on the NHI in order for additional cost estimates to be conducted.

A further point on which views differed concerned the responses of current health practitioners to the introduction of a capitation-based payment system. The point was made that in order for the NHI to be successful, the majority of practitioners would need to participate, and thus there is a need to provide an appropriate incentive structure.

A final aspect of behavioural change on which views differed concerned the ability of public institutions to use additional resources to extend current services as well as address current challenges.



c. Freedom of Choice vs Equity in Choice of Institution

Although the matter was not discussed in detail, some participants expressed concern about the extent to which the equity-orientation of the NHI would be balanced with the right of individuals to choose which institution to use for their health needs. The view was expressed that individuals, when faced with unlimited choice between a number of accredited providers, would prefer to go to the private institutions given the perception that these offer better care. Similarly, poorer individuals and households might elect to travel from their own under-resourced jurisdictions to better-resourced institutions in more affluent areas. Such movements could, according to this view, place unsustainable pressure on some institutions and leave others with excess capacity. Tebogo Phadu commented in this regard that an appropriate balance between freedom of choice and equity would be found, and noted the possibility of freedom of choice within the jurisdiction within which an NHI-member is registered.

3. Concluding Comments

As noted at the outset, Idasa hopes to contribute to health reform in South Africa by providing opportunities for stakeholders to debate the issues in a constructive space. We sincerely hope this roundtable contributed to that goal.

We would like to thank all participants for attending our NHI Roundtable and sharing their perspectives.