Doctors attempt to resuscitate a patient at the Chris Hani-Baragwanath Hospital in Soweto

JAMES OATWAY/PANOS

Critical Care

The South African government says it is determined to introduce universal health insurance. But at what price? Pamela Whitby investigates

Ask any person from any income group in South Africa about the state of the nation's healthcare and they will have an opinion. Some say the public sector is underfunded, inefficient and corrupt. Others argue that private doctors overcharge and medical aid administrators are a bunch of crooks. There is general consensus that if you are poor and ill, chances are you might die.

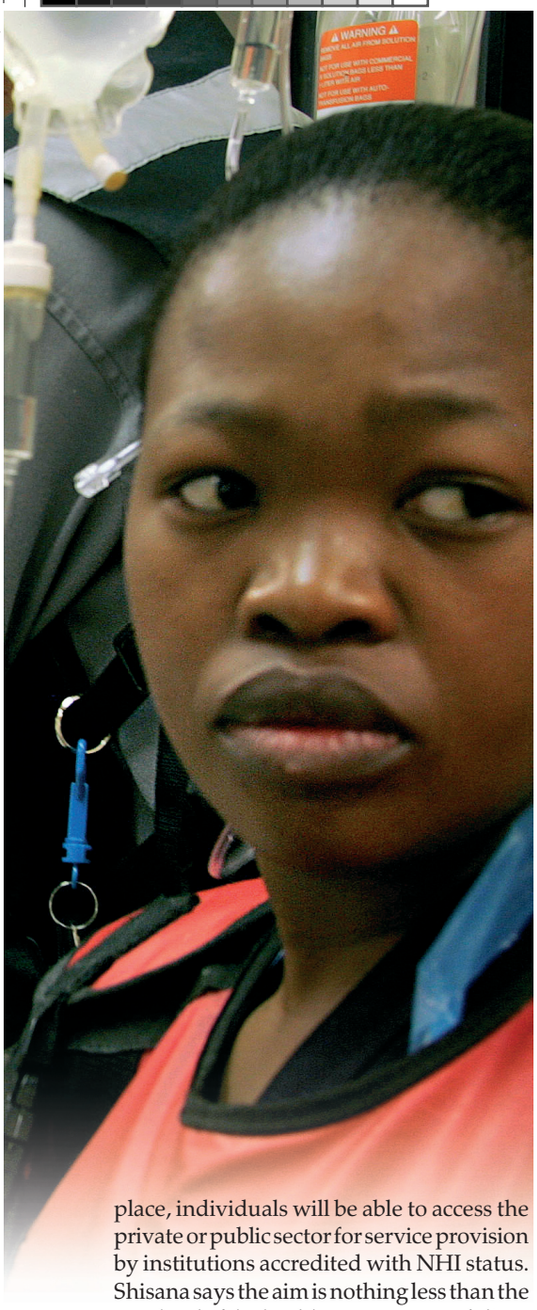
Certainly if South Africa's disastrous two-tier healthcare system is the measure of the rainbow nation's success to date, the recently re-elected African National Congress (ANC) has its work cut out. Recent civil unrest which arose over lack of service delivery points to rising discontent in the country and chances are the swine flu epidemic is just getting started in South Africa. For these reasons the pressure has been piled on government to deliver on election promises for a healthier public service – a prerequisite for economic growth – or face the dire consequences. Making promises is the easy part – and in the recent general election, and for years before that, the government has been banging on about introducing Mandatory National Health Insurance (NHI). But a sense of urgency does not seem to exist apart from woolly statements about releasing policy documents for public discussion sometime later this year. The government needs to hurry up.

Put in perspective South Africa, according to World Health Organization statistics, spends 8.7 per cent of Gross Domestic Product on healthcare (the world average). Of that, 3.5 per cent is government expenditure, five per cent is private sector funding and the balance comprises out-of-pocket expenses. But as Di McIntyre, a senior economist in the health economics unit at the University of Cape Town, points out private medical schemes account for more than 40 per cent of available health care funds but benefit just 16 per cent of the population. Moreover, even the private sector is becoming unaffordable for the few South Africans it supports.

NHI aims to change this. Dr Olive Shisana, chief executive of the Human Sciences Research Council and chair of the ANC task team established to develop a NHI draft policy, says that there are two key principles for the proposed NHI in South Africa.

Firstly it will be a single-payer system – one that is paid for from a single fund. It will be publicly funded, partly from an increase in the healthcare budget, and publicly managed. Secondly there will be a mandatory contribution to an NHI fund by all citizens who reach a certain tax threshold; half of this will be funded by employers. Additional private insurance will be possible but only after the mandatory contribution has been paid.

Once these two core principles are in



place, individuals will be able to access the private or public sector for service provision by institutions accredited with NHI status. Shisana says the aim is nothing less than the overhaul of the healthcare system to deliver not only an improved service but one that is free as well. Currently, public healthcare costs a nominal fee at the point of service.

Some healthcare facilities, says Shisana, are already NHI-approved by the private sector and NGOs and this process will continue through the Office of Standards and Compliance (OSC). But while all this looks good on paper, successful implementation within the proposed five years is unlikely to be straightforward; the OSC for example is not yet fully functional.

One of the main problems is that between 1996 and 2006 South Africa's public healthcare system was severely underfunded. Real per-capita spend on healthcare declined, failing to keep pace with inflation and population growth at a time when the HIV/Aids pandemic was gathering force. By 2006 health budgets had recovered but by then underpaid, overworked and demoralised employees in poorly managed hospitals had taken flight abroad or to the more lucrative private sector.

Recent data from the Health Professions Council of South Africa (HPCSA) reveals that more than 80 per cent of the country's 35,909 doctors are currently employed by the private sector. But such statistics can be misleading according to the HPCSA, "as some of these doctors may be practising overseas".

Adrian Gore, chief executive of Discovery Holdings, whose Discovery Health administers South Africa's biggest private medical scheme, is wary of statistics though agrees "there are far too few doctors in the public system." However, at this stage of the debate he says there is a danger of oversimplifying a complex set of problems by creating the perception, for example, that NHI will deliver comprehensive cover for all citizens – much like the United Kingdom's National Health Service (NHS). "That is not going to happen because the UK spends around $3,500 a head on healthcare. What people don't realise is that is almost half of our entire economy."

> "The number one focus in South Africa should be the transformation of public hospitals"

For a comprehensive NHS-type system to work, typically there needs to be an environment without great inequality, with adequate health resources and high levels of employment. In Africa these factors rarely, if ever, collide.

Shisana disagrees, pointing to Tunisia and Ghana which have implemented national health insurance with some success. But she acknowledges that while it is important to draw on international experience, each country has its own set of requirements. In Tunisia for example unemployment is 14 per cent versus at least 24 per cent in South Africa.

Turning to Ghana, here there is a history of pre-paid community-based insurance schemes which were established by NGOs long before NHI was introduced in 1989. The rural poor would pay a fee to such schemes after harvest time for the ability to access healthcare which was free at the point of service. This made the transition to an NHI, where even those in the informal sector contributed, easier.

In South Africa with its 48-million-strong population, more than double that of Ghana, pre-payment for those in the informal sector would not make sense because of the high administration costs. Also although the system could work McIntyre points out that in South Africa, unlike in Ghana, there already exists other excellent revenue-collection mechanisms for getting money from those outside the formal sector in the form of fuel levies and VAT. In the long run, this places less of a burden on the country's poorest people than would a pre-payment system and is this preferable.

For McIntyre then, and she is not alone, the number one focus should be the transformation of the country's crumbling public hospitals because the reality is that 85 per cent of South Africans are dependent on these. Of course that is not straightforward given South Africa's dearth of management skills.

So where to from here? Initially there will be a need to import health professionals from countries such as Tunisia and Cuba but training will be a priority. In addition by tapping both public and private sectors, Shisana says they will now be able to draw on the 60 per cent of doctors who may be unnecessarily treating patients to make ends meet "because there are too few people paying for more healthcare providers than necessary in the private sector". Doctors will be paid a capitation fee per patient which is a pre-contracted amount regardless of the number of services provided.

While the public sector clearly needs work, there is a need to exert pressure on the private sector too. One reason is that some doctors, particularly specialists, have been reportedly overcharging private patients by as much as 300 per cent. Meanwhile, medical schemes have also spent millions on non-healthcare related services such as administration. "Clearly a lot of fat exists in the system which can be improved on," says Dr Buddy Modi, chairman of the Johannesburg Medical Council.

But Gore is quick to point out that the private sector has some "outstanding institutions" and is often underrated. "If anything doctors are undercharging relative to what they might earn elsewhere," he says. Still now is not the time for ideological stereotyping; it is essential the public and private sector work together if an NHI is to work. "For us it is certainly not business as usual. We are currently building an actual demographic model so we can test the various hypotheses to see what can work."

In July the ANC released an outline of the proposed NHI. So far a detailed policy proposal remains under wraps but if healthcare reform comes to South Africa – it will not be too soon.

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