

Regulatory & Other Challenges facing Healthcare – Casper Venter 8th Sept 2019

The slide displays logos for several South African healthcare and regulatory bodies: National Health Insurance (NHI), Competition Commission South Africa, Health Professions Council of South Africa (HPCSA), Council for Medical Schemes (CMS), Life Esidimeni, and Office of Health Standards Compliance (OHSC). There are also three red question marks (???) and a logo for 'PHYSICIAN EMPLOYMENT'.

A cartoon illustration titled 'Competition Commission Healthcare Inquiry'. It depicts a doctor in a white coat and a woman in a red top representing a 'MEMBERS' of the 'COMMISSION'. They are looking at a large document labeled 'SCHEMES'. A speech bubble from the doctor says, 'Surely something has to be done?'. The cartoon is signed 'Colin Daniels'.

Competition Commission Healthcare Inquiry

Some of the HMI Findings

- Costs are driven by excessive utilisation, technology and unnecessary care
- Supply driven demand in Hospital Sector – New Hospitals creates demand
- Certain surgery rates above international norms eg C/Sections & ICU admissions too high
- Quality Monitoring absent & Outcomes Reports not present or published
- HPCSA Regulations are old and anti-competitive
- Provincial Hospital Licensing system does not work
- Role of Societies and Management Groups is not understood – Only a limited review was done – Indication that Societies/ManCos negotiate tariffs?

Some of the HMI Recommendations

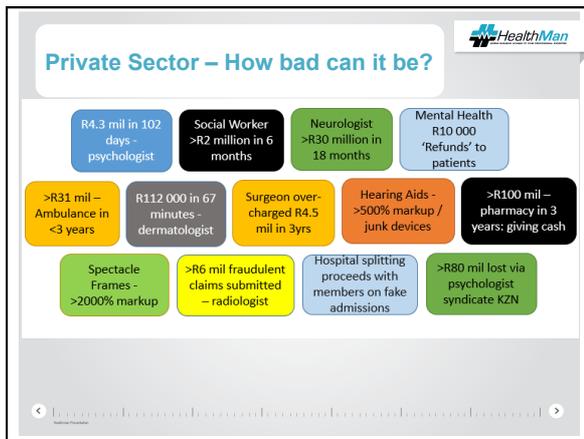
- Establish a Supply Side Regulator of Healthcare Services “SSRH” – 5-6 years?
- Tariff Setting body to be instituted – SSRH- Ongoing debate since 2010
- Coding authority to be set up – SSRH – Funder resistance to SAPPF - SACHI
- Proposed CON for hospitals & Primary Healthcare Facilities
- SSRH to take over PCNS – renew annually – No PCNS if Outcomes Data not submitted annually

Fraud, Waste & Abuse - Don't Get Caught Accusations of Racial Profiling by Schemes

A cartoon illustration showing a man in a suit running away from a large, heavy book titled 'GANGSTER STATE'. A speech bubble above him says 'ACED!'. There are scattered banknotes and a gun on the ground. The cartoon is signed 'ZAPRO'.

Doctors March on Discovery – Alledge Racial Profiling

A photograph of a group of people, including doctors, marching on a street. They are holding a large banner that reads 'National Health Care Professionals' and 'Discovery of Drug Patients'. Other signs include 'WHI MONO CARTA MUI FAL' and '10-32 CAT'. The photo includes a news ticker at the bottom: 'SABC NEWS SABC NEWS APP AVAILABLE NOW THE COSTS OF SPORTS RIGHTS DEPARTMENT OF AGRICULTURE sabcnews.com'.



Provincial Distribution of HealthMan assisted Investigations

	Black	Coloured	Indian	Unknown	White	Total
Gauteng	54	1	24		60	139
Kwazulu-Natal	15	1	54		6	76
Free State	8		1		23	32
Western Cape	1		11		20	32
North West	9		1		4	14
Mpumalanga	1		6		3	10
Eastern Cape	1	2			3	6
Unknown	3				1	5
Limpopo	2				1	3
Northern Cape	1				1	2
Various					1	1
Total	95	4	97	2	122	320

Distribution of Investigations per Administrator

	Black	Coloured	Indian	Unknown	White	Total
Discovery	36	3	58	1	81	179
Medscheme	29	1	24	1	17	72
Gems	19		12		15	46
Metropolitan	7				3	10
Medihelp			2		3	5
Medshield	3					3
PPS Healthcare Administrators					2	2
HPCSA			1			1
Medipos	1					1
Other					1	1
Total	95	4	97	2	122	320

Distribution of Investigations per Discipline

	Black	Coloured	Indian	Unknown	White	Total
Psychiatry	44	1	40		34	119
Gynaecology	15	3	15		13	46
Clinical Psychology	17		2		5	24
Surgeons	3		6		15	24
Physicians	6		9		7	22
ENT	3		7		9	19
GPs			1		12	13
Paediatricians	2		2		5	9
Ophthalmology			6		3	9
Neurology			7		1	8
Audiology			1	1	4	6

National Health Insurance Technical Task Team...

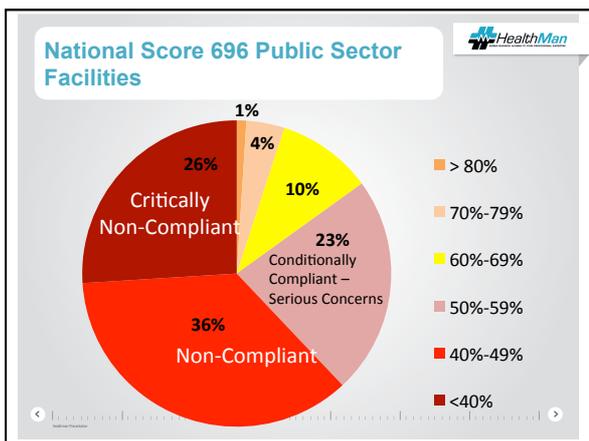
Motivation for NHI

- NHI is premised on the ideology that all South Africans are entitled to **access quality healthcare services**.
- This ideology became entrenched in the Bill of Rights
- It is a constitutional prerogative for the government. (Section 27(1 & 2) and 27(3) & Section 28(1)(2))
- Based on the National Development Plan
 - Improving Quality in the Public Sector
 - Reducing Costs in the Private Sector

Standards Compliance (OHSC)

Annual Inspection Report 2016/2017

696 Facilities Inspected



Visiting a Public Sector Hospital

The Government's NHI position centers around 5 flawed assumptions

- Government has the **fiscal resources** to implement the NHI model
- The NHI is the **only available model** to implement Universal Health Coverage in SA
- Implementation of NHI is **required to improve quality** of public health services
- Implementation of NHI is **required to reduce costs** of private health services
- The private sector is **opposed to universal healthcare**

Lancet Commission Report 2018

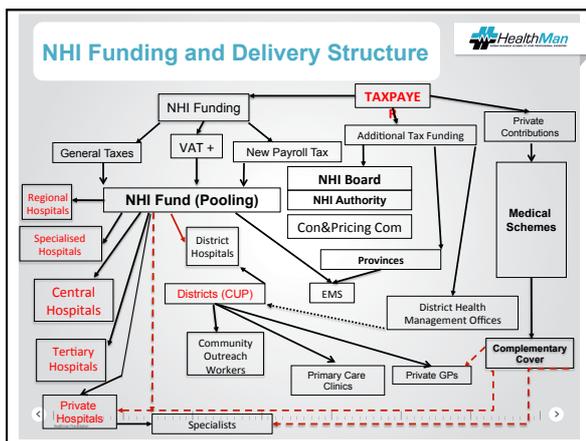
Findings:

1. Gaps in ethical leadership, management and governance contribute to poor quality of care
2. Poor quality of care costs lives
3. Malpractice cases and medical litigation are threats to the realisation of the right to health care in South Africa
4. The human resources for health (HRH) crisis will undermine the achievement of high-quality universal health coverage.
5. Health information system gaps constrain the country's ability to measure or monitor quality and its improvements
6. There is fragmentation and limited impact of quality of care initiatives

The Regulatory Path to NHI

- 2007 Dec – ANC Elective Congress
- 2010 Dec – NHI Green Paper Published
- 2015 Dec – NHI White Paper Published
- 2015 SEIAS not published
- 2017 March – Davis Tax Commission Report on Funding of NHI
- 2017 June – Another NHI White Paper Published
- 2017- May SEIAS on White Paper (Status Quo, NHI, Full Privatisation)
- 2017 – July SEIAS on NHI Bill (Status Quo, NHI, Full Privatisation)
- 2018 – NHI Draft Bill Published updated 2019

National Health Insurance



National Health Insurance

White Paper projection of NHI costs (The Thumb Suck based on Actual DoH Spend)

	Average annual percent increase	Cost Projection R 'm (2010 prices)
Baseline Public Health Budget:		
2010/11		109 769
Projected NHI expenditure:		
2015/16	4.1%	134 324
2020/21	6.7%	185 370
2025/26	6.7%	255 815
Funding Shortfall in 2025/26 if baseline increases by:		
2.0%		108 080
3.5%		71 914
5.0%		27 613

Source: NHI White Paper

Funding the shortfall

- White Paper(s) – NHI Shortfall by 2025/26:
 - Assuming GDP growth of 2%
 - R108 billion (in 2010 terms)
 - R156 billion (in 2017 terms)
- Same as funding the following ANNUALLY:
 - 4 Soccer World Cups
 - 1.4 million RDP houses
- Personal Income Tax Income currently R447 Billion
- Eskom Bail-out R30 Billion annually – needs R400 Bill

How do fund this?

The Bill Proposes:

- Personal Income Taxes (Rate 2.7% increase)
- Employer Tax (2.7% Required)
- VAT (3.5% Rate increase) – **Not on the cards**
- Scraping of Medical Scheme Tax Credits
- Appropriation of Provincial Equitable Share and Grants

Restating the Thumb Suck figure in 2017 Values

Source: Econex

SA Tax Base 2018

Tax Bracket (R '000)	Number	Percentage of Taxpayers	Percentage of Population	Percentage of Taxes paid
500 – 750	497 722	7%	0.9%	17%
750 – 1000	197 813	2.8%	0.3%	11.3%
1000 – 1500	136 782	1.9%	0.2%	12.1%
1500 <	94 578	1.3%	0.1%	23.5%
SUB TOTAL	926 895	13%	1.7%	63.9%
70 - 499	6 189 297	87%	11.2%	36%
TOTAL	7 116 192	100%	12.9%	100%

R447 Million in Personal Income Taxes

Comparisons: Thailand, Mexico, Korea and Brazil

Par 47 of NHI White Paper States: "...countries such as Thailand and Mexico are examples of countries where attempts to transform health financing have been positive"

(2014)	Population	Taxpayers	Taxbase	Unemployment	GINI
Mexico	122.3 Mil	46.3 Mil	37.8%	4.75%	48.1
Thailand	68 Mil	20 Mil	29.4%	0.9%	39.3
Brazil	202 Mil	50.5 Mil	25%	6.8%	52.9
Korea (2011)	49 Mil	13.5 Mil	27.5%	2.7%	31.3
RSA	55 Mil	5.7 Mil	10.3%	25.4%	63.4

Although all are Developing, Middle Income countries, a very poor comparison to make

What is the NHI About and how will it work?

The Conclusion:

World Health Organisation:

- UHC system needs to be affordable to the country.
- Does not specify free healthcare for all
- Does not specify a single payer system.

NHI Model not right for South Africa

- Will not achieve Universal Health Care objectives
- Not affordable to South Africa



National Health Insurance



The Way Forward ?? Questions ??

