

## **Media Statement by Minister of Health Release of Green Paper on National Health Insurance**

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Cabinet colleague Minister Pravin Gordan  
Chairperson of MAC Dr Olive Shisana  
DG of health Ms Malebone Matsoso  
Distinguished guests  
Ladies and gentlemen.

Many of us use the word “historic” too easily and often without good reason. But these first steps towards establishing national health insurance (NHI) are truly historic: we are building a health system that will offer decent healthcare for *all* our people. This is a right that large numbers of South Africans, over many generations, have never known.

I need, at the outset, to make it clear that NHI will not happen overnight. This is seen as a 14-year project and the first five years will be a process of building and preparation. On the one hand, we have a massive amount to achieve in uplifting the public health sector. And in the area of private healthcare, we are serious about getting a grip on the costs of care even before NHI kicks in.

The cornerstone of the proposed system of NHI is **universal coverage**. NHI is a financing system that will ensure the provision of essential healthcare to *all* citizens of South Africa (and legal long-term residents) regardless of their employment status and ability to make a direct monetary contribution to the NHI Fund. This is the essence of NHI – although the system may be implemented in different ways in different countries.

### **What NHI is not**

It is equally important for us to understand what NHI is not.

NHI is *not* a war between the public health sector and the private healthcare sector – it is not even a competition or a beauty contest between these two healthcare delivery systems. If we view matters in this light, and if we try to tear each other apart, the people of South Africa will be the real losers. The challenge and the intent of NHI is to draw on the strengths of both healthcare sectors to better serve the public.

Yes, it is true that the quality of care in public health institutions is often totally unacceptable and that radical measures are needed to put matters in order. But, at the same time, we need to appreciate the sheer scale of the service provided by public health facilities in ensuring care for 84% of our people who are totally dependent on

these facilities for their health needs. In many cases this involves a heroic effort performed day in and day out by men and women in our hospitals.

The private sector is held up as an example of good service and quality of care – and this is mostly justified. What is not justified is the price tag that comes with certain forms of private healthcare provision. This is not only a burden to people using private health services, but a disservice to our country as a whole because it distorts pricing across the board. And, there are clear signs that it is simply unsustainable.

So there are good and bad aspects to both public and private healthcare in South Africa, and the challenge is to get the best out of both systems for the benefit of the public. When you read this Green Paper on NHI you will appreciate that we are making a real effort to design a system that *works with* the resources we have and builds on these.

This involves new ways of doing things. For example, even if we could afford it, we could not simply take the existing model of private care and extend it to the entire population. The private sector would not cope, it would be overwhelmed. Whether we like it or not, the bulk of South Africa's healthcare infrastructure resides in the public sector and our task is to overhaul it so that people will *choose* to go to public facilities once they have options.

This may sound impossible, but it **can** be done – it is far from impossible. Not so many years ago, our public hospitals were the automatic choice of many people who could afford private care but thought it unnecessary. Even today, there are centres of excellence in our teaching hospitals that remind us that the world's first heart transplant was done at Groote Schuur, a public hospital.

We are setting out on a long journey with NHI and at times things will be tough. We must know that we are driven by an achievable dream and keep that dream in front of us.

Having said this, it is clear that for the NHI to succeed there are two critical things that the country must do:

1. Improvement of Quality of service in public hospitals must be non-negotiable
2. Pricing of healthcare in the private sector must be tackled equally seriously.

**I cannot overemphasize this, but clearly without these two the NHI will not be viable.**

### **Anticipating your questions**

On a more practical note, I am going to try and anticipate your questions on the Green Paper and save you the trouble of asking them.

Maybe the most obvious question is:

**Why does South Africa need National Health Insurance?**

Health care is a human right that every one of us is entitled to – this is a widely accepted international principle. This right should not depend on how rich we are or where we happen to live. The right to obtain healthcare is written into our Constitution.

But large numbers of our people continue to die prematurely and to suffer unnecessarily from poor health. Treatable conditions are not being treated on time and preventable diseases are not being prevented.

This is in spite of the fact that government has tried its utmost since 1994 to ensure that everyone in this country has equitable access to necessary healthcare services. There are still serious challenges mainly caused by a skewed health care financing system. Without NHI, the burden of disease in the country will not be reduced because the majority of the population – and the section suffering the greatest ill health – will not access good quality health care.

Another important question is:

#### **What healthcare services will be funded by NHI?**

The NHI will offer all South Africans and legal residents access to a defined package of comprehensive health services. The state is committed to offering as wide a range of services as possible. Although the NHI service package will not include anything and everything, it will offer care at all levels, from primary health care, to specialised secondary care, and highly specialized tertiary and quaternary levels of care.

Examples of what the NHI package will *exclude* are:

- Cosmetic surgery that is not necessary or medically indicated but done as a matter of choice – for instance, botox, liposuction and face-lifts.
- Expensive dental procedures performed for aesthetic purposes.
- Expensive eye-care devices like trendy spectacle frames.
- Medicines not included in the National Essential Drug List except in circumstances where the complementary list has been approved by the Minister of Health.
- Diagnostic procedures outside the approved guidelines and protocols as advised by expert groups.

The benefits provided will cover preventive, promotive, curative and rehabilitative health services. It is important to note that emphasis will be placed on prevention of disease and promotion of health. The present health care system places undue focus on curing of disease and performance of procedures when people have developed complications.

You will also want to know:

#### **Will the NHI destroy the private sector?**

No, the NHI is not intended to destroy the private sector. It will actually make the sector more sustainable by making it levy reasonable fees. The intention of NHI is rather to make sure that citizens are able to utilise both the public and private sectors in such a

way that they complement each other rather than one undermining the other. At the present moment, private health care is only for the rich and mighty. NHI is trying to blend the two in a more sustainable manner that benefits the population.

The presentation of the health Portfolio Committee in Parliament by the private hospitals, medical aids, Council of Medical Schemes and other stakeholders in the past two weeks is encouraging.

Two related questions are:

**Will private medical schemes be abolished?**

and

**Will private health care providers be forced to contract with NHI?**

It is not the intention of Government to abolish private medical schemes if individuals members wish to keep them.

And participation in NHI is solely a matter of choice for the individual healthcare provider. However, those that choose to participate will need to meet certain requirements that will be prescribed under the NHI policy. These will include compliance with quality standards, provision of a package of services that will extend to prevention of diseases and promotion of health, acceptance of capitation as a method of payment instead of fee for service, and appropriate pricing mechanisms.

Then there is the question:

**If people can afford to buy private healthcare, will they have to participate in NHI?**

We need to make a distinction between a citizen participating in the NHI as a contributor and a citizen participating in NHI as a patient. If you earn above a certain income you will be required by law to make a contribution to the NHI Fund. It will not be possible to opt out of this responsibility.

However, as a patient, if you wish to make use of services of a health care provider who is not accredited and/or who chooses not to contract to NHI, you would have to pay the provider directly or else maintain medical scheme cover (in addition to making NHI contributions).

One of the central questions is:

**How will the quality of healthcare be ensured under the NHI?**

Quality will be ensured through three mechanisms:

Firstly there needs to be a radical improvement in the quality of services in the public health facilities. This means massive investment in improvement of *health infrastructure*, both buildings and equipment.

Then, in every single health institution, certain basic *core standards* must be complied with. To *ensure adherence* to standards, an independent “watchdog” body called the

Office of Health Standards Compliance will be established by an Act of Parliament. The Bill to establish the Office has already been approved by Cabinet, after a process of public comment, and it is ready to enter the Parliamentary process.

And thirdly, there needs to be a radical change to *healthcare management* within the public health care system in line with item 4 of the 10 Point Programme of the Department of Health: “*Overhauling the health care system and improve its management*”. Draft regulations will appear in tomorrow’s (Friday’s) Government Gazette and they will include measures to standardise hospital care across the country and to ensure that managers of different categories of hospitals have specific skills, competencies and appropriate qualifications.

You will probably be keen to know:

**What are the processes going forward after the publication of this Green paper?**

The purpose of this Green Paper is to outline the broad policy proposals for the implementation of NHI. The document is published for public comment and engagement on the broad principles. After the consultation process the policy document or White Paper will be finalised. Thereafter draft legislation will be developed and published for public engagement. After public engagement the legislation will be finalised and submitted to Parliament for consideration. After Parliamentary approval, the Bill has to be approved by the President of the Republic.

**What will happen in April 2012?**

Piloting of NHI will commence in ten selected districts. The Department of Health is busy conducting an audit of all public health facilities in our country. The selection of the 10 districts will be based on the results of the audit. Consideration will be given to a combination of factors such as the district’s health profile, demographics, income levels and other social factors impacting on health, health delivery performance, management of health institutions, and compliance with quality standards.

**Will people be required to pay NHI contributions in 2012?**

No. In 2012 we will start piloting NHI to help us finalise how the service benefits will be designed, how the population will be covered and how the services will be delivered. A special Conditional Grant will be provided in the 2012 budget to fund the pilot projects.

And looking a bit further down the road:

**What will happen in the first five years of NHI implementation?**

The first five years of NHI will include pilot studies and strengthening the health system in the following areas:

- Management of health facilities and health districts

- Quality improvement
- Infrastructure development
- Medical devices including equipment
- Human Resources planning, development and management
- Information management and systems support
- Establishment of an NHI Fund.

### **Closing comments**

In closing – that is, before taking additional questions – I would like to appeal to everyone to consider that NHI has significance way beyond the field of healthcare. The central challenge to the stability and well-being of our nation is reducing the deep inequality between rich and poor, between privilege and deprivation. This goes to the heart of South Africa's future. NHI is one very meaningful way to reach across the wealth gap and to recognise our common humanity as South Africans . . . we all bleed, we all experience pain, we all need decent healthcare.”

Thank you very much.