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NHI paper a symptom of the malaise

THE SOCIAL and constitutional imperative for health systems reform grows by the day, driven by a widespread collapse in the institutional integrity of the public health system.

Over the past 12 years provincial health systems have succumbed to vested interests operating through conflicted political structures that have undermined the culture of performance. As a consequence, South Africa's health outcomes are worse than countries with 25 percent of its gross domestic product (GDP) after accounting for Aids.

The recently released green paper on National Health Insurance (NHI), which reflects the government's attempt to respond to the reform imperative, fails to impress and raises serious questions about whether there exists a genuine commitment to meaningful change.

The green paper offers no concrete set of measures and mechanisms to address the central challenges of systemic corruption and inefficiency. It also offers no advances in thinking on resourcing, resource allocation and requirements for minimum service norms and standards over and above recommendations tabled over a 15-year period.

The paper essentially offers two "big ideas": the first is to centralise purchasing within a structure reporting to the minister of health; and the second is to increase expenditure on the public system by about 3 percent of GDP.

The idea to centralise purchasing lacks even the pretence of a business case and is proposed without any institutional rationale. Equivalent health systems around the world decentralise rather than centralise to get their service planning decisions made closer to the ground. It is unclear what such a "central purchaser" would do, apart from providing special employment to politically connected individuals.

Internationally central purchasers only occur where public funders provide insurance benefits along the lines of our medical schemes. Such mechanisms exist in Taiwan and South Korea, but not in Canada and the UK. Where benefits are provided through a public system, purchasing is heavily decentralised.

As South Africa cannot introduce a central insurance mechanism along the lines of a Taiwan or South Korea, it must follow the institutional logic of a public delivery system. The green paper implicitly recognises this and in fact does not propose an insurance-based system or a real NHI, focusing instead on expanding the existing public system. This therefore renders the notion of a central purchaser redundant.

Adding to this questionable logic is the failure to propose proper governance and accountability for this superfluous central fund. Public entities established to offer social security benefits of any kind require independent boards, often using a social partner model, that appoint and remove the CEO. Not in this proposal, however, where the CEO is appointed by the national minister, exposing the proposed institution to the predictable and preventable institutional risks of corruption and mismanagement.

Given South Africa's current atrocious record in dealing with politically connected misconduct at senior levels of government, it would be naive to accept on trust that an exposed governance structure would not be abused for private gain.

It is worth noting that corruption cases before the courts in KwaZulu-Natal involve virtually the entire leadership of the KwaZulu-Natal health department for the past 12 years, including MECs and heads of department, finance MECs, and even the former special adviser to the national minister of health. This speaks volumes for the kind of leadership that is involved in running the health system.

This kind of leadership also led to an overdraft of R3.5 billion on the KwaZulu-Natal health department's bank account in 2010. This gross mismanagement was also shared by most other major provinces, apart from the Western Cape, despite big budget increases allocated to provincial health systems from 2006.

However, the green paper gets stranger still. It proposes to increase the public health spend from 3.4 percent to 6.2 percent of GDP, despite existing public health expenditure being either on a par with or greater than peer countries, but with health outcomes far worse.

The zeal with which massive expenditure increases are proposed for a compromised institutional framework fails even the most basic test of common sense and rationality.

The green paper also proceeds to disregard the interests of income earners who are denied the option of standard contributory protection through social insurance mechanisms such as regulated medical schemes – a protective measure regarded universally as necessary and uncontroversial everywhere apart from South Africa.

Internationally, income earners are not pursued as socially irrelevant cash cows. Instead, careful consideration is given to holistic approaches to health system designs which, in developing countries, require separate non-contributory and contributory systems to optimise universal protection.

The latter usually takes the form of social insurance or regulated private cover for income earners, accepting the very reasonable principle that income earners are entitled to insure at their expense outside of the tax funded system.

Social insurance mechanisms (which include regulated private insurance) in the case of disability, unemployment protection and health care targeted at income earners are introduced by responsible governments to compensate for well-known insurance market failures.

The green paper, however, plainly operates on the premise that income earners require no such protection due to an exaggerated belief in the feasibility and success of the proposed NHI.

In many ways the green paper is more a symptom of the malaise in the health system rather than a response to it. The need to lash out at scapegoats reflects a dangerous pattern of avoidance which will merely perpetuate indefinitely the multiple crises in the health system.

Changing the behaviour of the government requires that non-government actors assert their right to responsible policies and policy engagement. Intervention such as this is required now more than ever.

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