

NATIONAL HEALTH INSURANCE

HEALTHCARE FOR ALL SOUTH AFRICANS



health

Department:
Health
REPUBLIC OF SOUTH AFRICA



The plan for National Health Insurance

National Health Insurance is a way of providing good healthcare for all by sharing the money available for healthcare among all our people. The health benefits that you receive will depend on how sick you are, not on how wealthy you are. Hospitals, clinics, doctors, specialists, dentists, nurses and all other health workers will also be available much more equally. It all depends on our willingness to SHARE as ONE NATION.

If we can feel and act in unity about football and rugby, surely we can do the same when it comes to matters of life and

death, health and illness. National Health Insurance, known as NHI, is a chance for South Africans to join hands in a way that really counts.

None of us would like a fellow human being to die, become disabled or live in pain just because he or she could not get decent healthcare. But this is happening in our country where poor people often have second rate healthcare while wealthier people can pay for good treatment.

South Africans from all walks of life and all parts of our country have the power to change this tragic situation.



Planning today for a better future

Government has published a plan for NHI and would like everyone to get to know this plan, which is described in this booklet.

But the Minister of Health, Dr Aaron Motsoaledi, says it will take time to put the plan into action. Change cannot be expected overnight.

“It will take 14 years to complete the NHI project. The first five years will be a process of building and preparation. Our first job is to uplift the public health sector so that it is in a proper state for NHI. This will involve a massive amount of work.”

Already the Ministry of Health has:

- Started to improve the buildings and

equipment at six major public hospitals by forming partnerships with private companies.

- Drafted laws to make sure that all hospital managers have the qualifications and experience needed to run a hospital.
- Begun to set up a “watchdog” body called the Office of Health Standards Compliance that will inspect all health facilities and ensure they meet required standards.

From 2012 onwards, the Department of Health will begin to test different aspects of NHI in a few communities to get a better understanding of what it will cost and how it must be managed. Nobody will be expected to make any contribution to the NHI Fund in 2012 (see pages 7 and 8).



What does NHI aim to achieve?

NHI is designed to enable every person in South Africa to receive good quality healthcare and to help South Africa become a healthier nation.

NHI will **create fairness in the sharing of healthcare finance and other resources**, including skilled health professionals.

- Presently, a lot more is spent (by individuals, employers and government) on each patient receiving private healthcare than is spent on each patient attending public hospitals and clinics. In addition, shortages of doctors, nurses and other health professionals are much more severe in public health facilities.
- NHI will provide funds to public and private healthcare providers on a fair

basis. This will make it possible for everyone to get good quality care, no matter what healthcare facility they go to.

NHI means you will receive healthcare for free at the time you require it.

Money will not be a barrier to care.

- Under NHI you will never need to pay cash at the hospital or doctors' rooms. The present system of hospital fees at public hospitals will be scrapped. And, unlike what happens now with most medical aid schemes, no one will be asked to pay part of the bill after receiving care under NHI.
- The NHI Fund will receive a large contribution from government to ensure that people who are

unemployed or earning very little can get free care in the same way as everyone else. People who are employed will also make a monthly contribution to the NHI Fund.

NHI will keep the cost of healthcare reasonable.

- Medical scheme contributions are becoming unaffordable for many South Africans. Some of us are spending as much as 14% of our salaries on medical aid. This is because private healthcare costs, especially hospital and specialists costs, continue to rise more sharply than the cost of living.
- The NHI Fund will be a public entity that is not in business to make profit. It will introduce new systems of paying hospitals and professionals for the services they provide, aiming to be fair to them but to put a stop to unreasonable profits.

Through NHI, government aims to **achieve a healthier nation**, where people will live longer and suffer less illness.

- Under NHI, the health system will do more to prevent illness and see that you receive treatment at an early stage of illness to prevent complications.
- There will be family health teams in all neighbourhoods. These teams will provide preventive health services and information to enable all of us to take better care of our health. These teams will also offer home-based care.
- NHI will encourage the expansion of primary health care services – that

is, public clinics and GP practices – so everyone has a health service provider nearby for preventive and early-stage care.

Why do we need NHI?

Because our country believes that access to healthcare is a human right.

This means every single one of us is entitled to receive healthcare, and this should not depend on how rich we are or where we happen to live. The right to obtain healthcare is written into our Constitution.

Government has tried its utmost since 1994 to ensure that everyone in this country has healthcare. Our government health budget has kept increasing and our network of public hospitals and clinics has grown

But still there are communities in rural areas that cannot easily obtain care. Many residents in our major cities rely on overcrowded public health facilities with too few health professionals and poor equipment. In short, many people cannot yet get the care that they need.

By changing the way our country pays for healthcare, NHI will improve access to services for the majority of people.

How will NHI work?

The NHI Fund will provide finance for healthcare. It will not manage hospitals, clinics or the practices of GPs, dentists, specialists and other health professionals.

The NHI Fund will enter into contracts with public and private hospitals, specialists, public clinics and private GP practices to deliver health services free of charge to every South African citizen and legal resident.

The NHI Fund will only provide finance for health facilities that meet required quality standards. Every health facility that seeks to be part of NHI will have to meet strict quality standards set by the Office for Health Standards Compliance.

All NHI patients will enter the healthcare system at the primary care level – that is, at a clinic or GP's rooms. The primary care health professional will refer patients for specialist or hospital treatment if this is necessary.

NHI will not pay for patients to see specialists unless they have been properly referred from a primary healthcare facility. Our country is short of specialists and we want to save them for those in genuine need of their skills. This is one way to bring equity to our health services.

Why do we need NHI?

Because we want a healthcare system that is fair and equal.

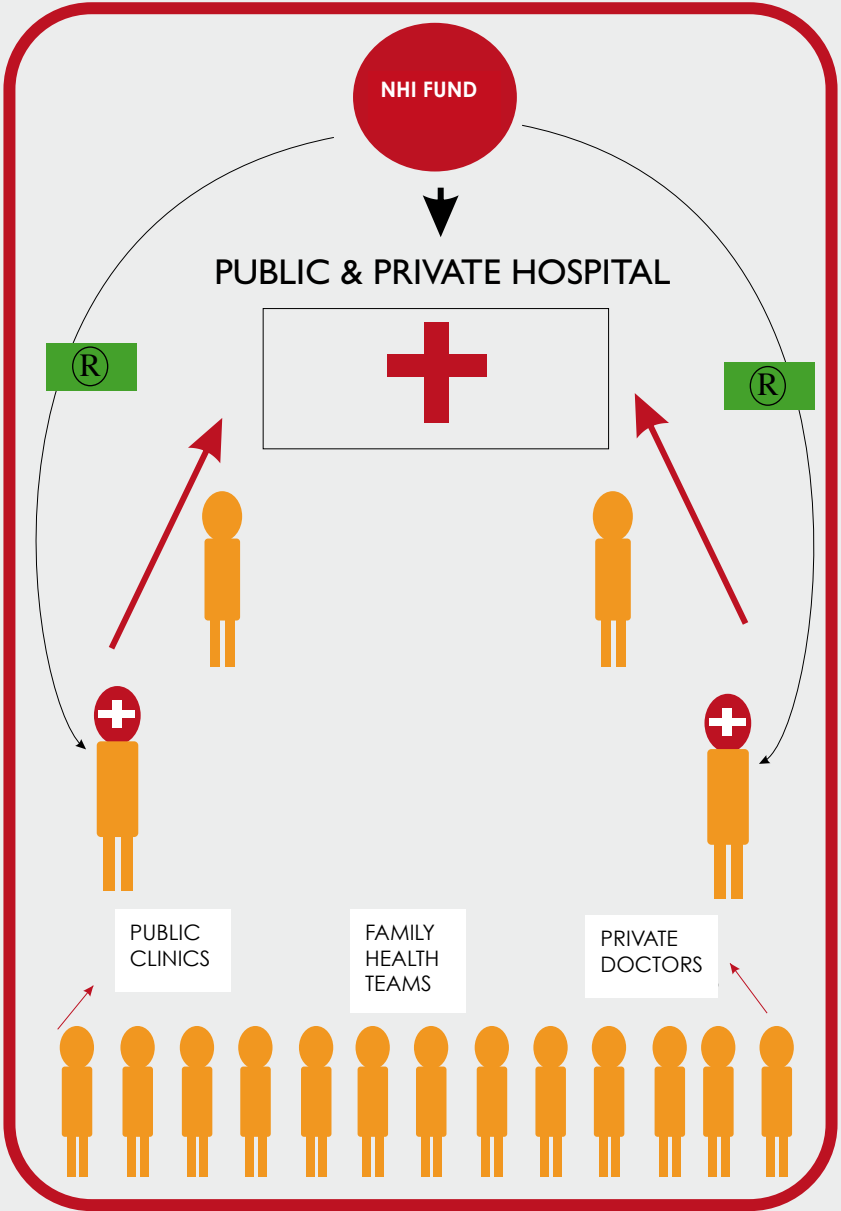
While we are trying to build a more equal society, healthcare is very unequal. The amount spent on the healthcare of each person with medical aid is five times the amount that is spent on each person who relies entirely on public health facilities.

The funding gap translates into a major gap in the standard of healthcare available to the rich and the poor.

While eight out of 10 patients depend on public clinics and hospitals, the bulk of the country's doctors, dentists and specialists serve a small section of the population who can afford private healthcare.

In a just world, the sickest people – not the richest – should receive the largest share of healthcare. NHI will bring us closer to allocating health services according to the real needs of our people. This is not only fair, but it will help us build a healthier nation.

HOW NHI WORKS



Who will pay for NHI?

The NHI Fund will receive money from general tax revenue and from special contributions by individuals who earn above a specified level and their employers.

We will all make a contribution

The NHI Fund will get a large amount from general taxes. Therefore every person in South Africa will make a contribution to the fund because we all pay some kind of tax.

Those of us who earn more will contribute more

People with low incomes will not make

any direct payment to the NHI Fund. Every person earning above a specified amount will, however, be required by law to make a monthly NHI payment:

- In almost all cases this will be lower than medical scheme tariffs.
- The direct NHI payment will be larger for higher income earners.

Employers will play a central role

Employers will assist the NHI Fund by ensuring that their workers' NHI contributions are collected and submitted, in a manner similar to UIF contributions. Employers will match their employees' contributions to NHI.



What kind of services will NHI offer?

The NHI will clearly define a “package of services” that you are entitled to receive. This package will be comprehensive, covering all **necessary types of health care**.

- If you have a genuine need for health-care, your care – including hospital care – will be covered at no cost.
- You will not be told that your “benefits have run out”. You will not be asked to share the cost of treatment unless:
 - ◊ You fail to follow the required referral route, starting at your clinic or GP.
 - ◊ You choose treatment options that fall outside the package of services.
- Health professionals will treat you according to national guidelines that follow good medical practice and are approved by the NHI.
- NHI will not pay for procedures that are not required for health reasons.

The NHI Fund will only appoint service providers that provide good quality **care**.

- Every hospital, clinic or health practice that wants to be part of NHI will have to be certified beforehand by the Office of Health Standards Compliance.
- Many hospitals and clinics will need major upgrading so that they can achieve the standards required by the Office of Health Standards Compliance and become certified.
- Government plans to spend large amounts in the next few years to get these facilities into shape and to ensure that they are equipped and staffed in a way that will guarantee healthcare is available to all.

Under NHI most of us will have more choice of health services

- NHI will make it possible for many people, including those who earn very little, to have options about the health services they use. This is because all necessary treatment is free when you need it at NHI-accredited facilities.
- Under NHI, you will be in a position to choose a primary health care facility – a clinic or GP practice – and register with that facility to receive services there.
- Special arrangements will be made for those who live in areas where health facilities are in limited supply, while the upgrading of rural facilities is in progress.

Why do we need NHI?

Because our two-tier system of paying for healthcare has failed to guarantee good quality healthcare for all.

At present government pays for the health facilities that assist the poor and wealthier families use private doctors and hospitals that they pay for through medical aids. This two-tier system of funding locks the poor out of reach of a large number of health professionals and facilities in the private sector.

NHI will create a single pool of healthcare funding for private and public healthcare providers alike. The NHI Fund will pay public and private healthcare providers on exactly the same basis – and expect the same standard of care from both.

People in lower income groups will be able to consult doctors in private practice and use private hospitals, because the NHI Fund will pay for this care. The burden of care will be spread much more equally across the public and private sectors.



DID YOU KNOW?

HOW STANDARDS WILL BE IMPROVED

The National Health Act is being updated to provide for the setting up of the Office of Health Standards Compliance (OHSC). The aim is to make sure you get good quality care from the hospital you use. The OHSC will advise the Minister of Health and report to the Minister.

It will guide and inspect health facilities and will only certify those that meet the required standards. An OHSC certificate in your health facility will be your guarantee that standards of hygiene, safety and respect for patients are being met.



Why do we need NHI?

Because we want better value for our healthcare spending.

Even for South African's who earn a good income, healthcare has become a burden because private medical costs have skyrocketed in recent years. Working people are spending a large chunk of their salaries on medical aid and this often causes hardship.

NHI will reduce the cost of

private healthcare. It will still provide a good income for health professionals and health institutions in the private sector, but will use a more cost-effective method of payment than that currently used by medical aid schemes

Individuals who are presently struggling to maintain medical aid payments, will contribute considerably less to NHI and still get a good service in return.



DID YOU KNOW?

THE SIZE OF THE SPENDING GAP

The average amount spent on healthcare for each person covered by a medical scheme member was R9 972 in 2009.

In the same year, the average amount spent on each person relying totally on public health services was R1 925.

Nearly seven out of 10 South Africans (68%) rely entirely on public health services, while 16% are members of medical schemes. Another 16% pay from their pockets to see private GPs and dentists but use public hospitals for serious illness.

(Source: Health Economics Unit, University of Cape Town)

Will private purchasing of healthcare still exist?

Yes: participation in the NHI will be voluntary for doctors, dentists, specialists and other healthcare providers. They can continue to serve patients who choose to pay them privately. There will be doctors and specialists who will see a mixture of patients, some paid for by NHI and some who prefer to pay from their pockets or through medical aid. This is what happens in many countries that have NHI.

Medical schemes can also continue to function alongside NHI. However, because government will no longer provide tax subsidies for medical scheme contributions, we expect that very few people will continue with medical scheme contributions. In addition:

- It would be expensive to pay NHI contributions and medical scheme premiums.
- NHI will offer you a wide range of healthcare and satisfy your needs in a system that will control the quality of the care you receive.

Medical schemes will probably provide new options, focusing less on “full cover” and more on “topping up” the care offered by NHI. This will appeal to individuals who want to use NHI most of the time, but want some services that they cannot get on NHI – such as cosmetic surgery and cosmetic dentistry, or consulting specialists when this is not strictly necessary.



Can South Africa afford NHI?

South Africa already spends high amount on healthcare. If we add private and government spending together this amounts to more than R200 billion a year. A large slice of this is spent on private care for only 16% of the population. Private care at present is often needlessly expensive.

NHI Fund will be able to count on:

- All the present government funding for public healthcare.
- All the money government spends on tax subsidies for medical scheme members.
- Contributions from people who are presently members of medical schemes.
- Contributions from those who earn well but have avoided joining medical aids.

The NHI Fund income will amount to at least as much as present healthcare spending. But it is possible that government will be required to further boost this amount.

The NHI Fund will have strong buying power which will enable it to purchase health services at a reasonable rate:

- The rate at which the NHI Fund will pay healthcare providers will be higher than the present cost of public health services but lower than the most rates in the private sector.
- The NHI Fund's method of payment will encourage health care providers to operate efficiently and provide effective care.
- The NHI Fund will be a non-profit body and will keep administrative costs low.

Do we have enough health professionals?

The biggest threat to NHI is the unequal distribution of health professionals between the private and public sector, and between urban and rural areas.

One of government's most urgent tasks, as we prepare for NHI, is to increase the numbers of health professionals who provide services and training, and undertake health research.

- We have already taken action to begin increasing the numbers of health professionals graduating

from our colleges and universities.

- We are encouraging the return of South African health professionals working abroad as well as exploring ways that retired health professionals could use their experience and skills to train new health professionals.
- We will recruit qualified health professionals from other countries and reduce the administrative barriers which delay their registration.



The NHI process

Government has started the process of putting the laws in place that will support the NHI system. These laws will be discussed with the public and with individuals and organisations involved in healthcare before they are finalised and passed by Parliament.

We will keep the public informed as we

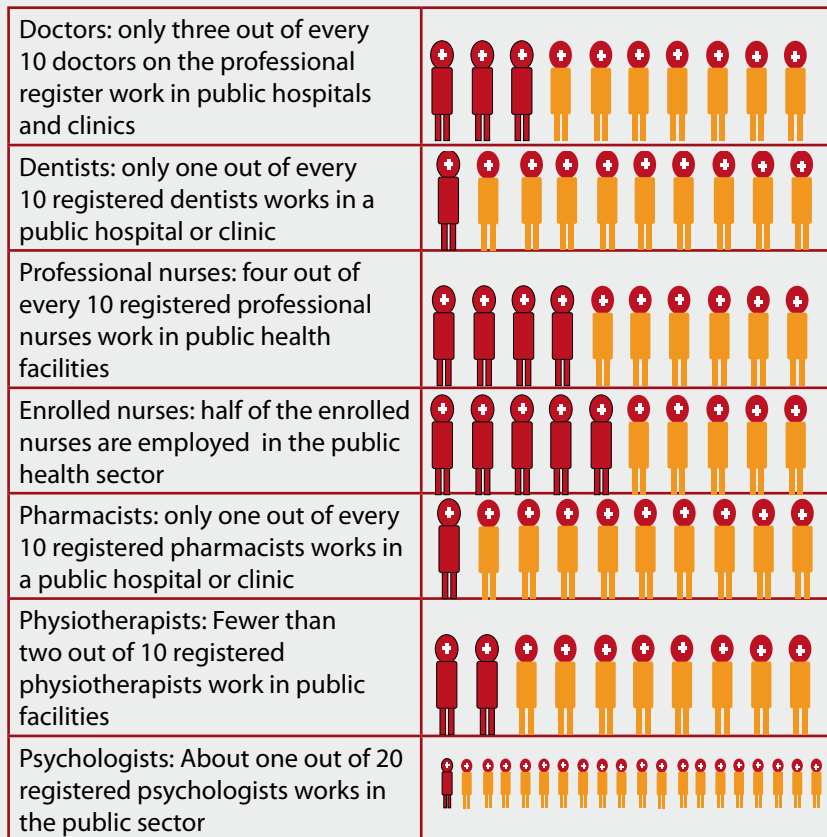
move forward to establish the new system.

We will continue to use radio, television and newspapers to update the public on NHI.

If you are able to use the internet, you will also find the latest information on the website www.doh.gov.za

Where our health professionals work

Although nearly 70% of our people depend entirely on public health facilities, only 35% of specialists in our country work in public sector. The chart below shows the unequal spread of other types of health professionals



(Based on information from the SA Health Review 2008, HST)



Health professionals in public clinics and hospitals



Health professionals in private practice

Read more about NHI

If you want to read the full plan on NHI, go to www.doh.gov.za, click on the menu item, National Health Insurance under the heading Health Priorities. Scroll down until you see a list of documents and select the one called Policy on National Health Insurance. You can also email your comments to NHI@health.gov.za

Department of Health

Private Bag x 828

Pretoria

0001

Tel : 012 395-8000

website: www.doh.gov.za