

AFRICAN NATIONAL CONGRESS



MEDIA STATEMENT

THE ROAD TO NATIONAL HEALTH INSURANCE

National General Council, Durban, 21st September 2010,

There is a strong social and economic case to implement a national health insurance (NHI) in South Africa without delay. Our 52nd National Conference in Polokwane instructed the National Executive Committee (NEC) to take forward the task of implementing the NHI. As the reports to this NGC indicate, a lot of important work has been done so far to take forward the Polokwane resolution: from the ANC NEC sub-committee report, by its task-team, to the development of a more detailed proposal by the Ministerial Advisory Committee on NHI. We are now a stage where we can release our discussion paper for the NGC.

Key Proposals

Key proposals of the report are that NHI will be founded on the principles of the right to health care, universal coverage, social solidarity and a single public administration in which access to health will be based on need (and therefore ensuring universal free access to health care, at the point of service, to all South Africans) rather than one's ability to pay.

A publicly administered NHI Fund – operating like SARS and situated within the Ministry of Health - will be created to receive to receive funds through a single-payer system. This refers to one entity acting as administrator, or “payer”, set up by the government to receive all health care funds, and pay out all health care costs for all South African citizens and legal residents through a single “insurance pool”.

The NHI Fund will provide a comprehensive cover of health services primary, secondary, tertiary and quaternary (high-care services) which will be provided by accredited public and private providers to ensure quality health care standards. At the core of NHI would be primary health care, which is the first point of entry into the health system. The report foresees a “reengineered primary health-care system”, served by teams, each consisting of a doctor or clinical associate, a nurse and three to four community health workers.

Membership to the NHI would be compulsory for the whole population, but the public can choose whether to continue with voluntary medical scheme cover.

Health system strengthening plan

The NHI will be in parallel with a health system strengthening plan. The improvement, expansion and revitalisation of public health-care infrastructure and services are critical to realising the principle of universal coverage and reducing inequalities of access. Much improvement in quality will be seen within the first five years.

The strengthening plan has several key components, starting with a detailed inventory of both public and private facilities, including infrastructure, human resources and technology. The inventory will serve to assess the current capacity of the health-care system to provide services at different levels, and where this capacity is located. Secondly, it will identify gaps for expansion and facilities that require refurbishment.

The plan also involves the revitalising and adequate financing of district health systems; improved access to primary health services, and the increased autonomy of managers in public health-care facilities.

Funding and revenue sources for NHI

The NGC discussions will be able to benefit from the work of the ministerial advisory committee is working with national treasury to explore NHI funding and various sources of revenue. Proposed funding methods include a surcharge on taxable income, payroll taxes (for employees and/or employers) and an increase in value added tax which is earmarked for the NHI. However, the main sources of revenue for the NHI Fund will be allocations from general taxation. All of these funds will be combined in the NHI Fund, from which all services covered by the NHI system will be funded.

Preliminary costing estimates, developed by a costing sub-committee of the ministerial advisory committee, indicate that resource requirements under this model increase from R128 billion in 2012 to R 267 billion in 2020 and R376 billion in 2025, expressed in current financial terms (real terms). The current budget for 2010/11 is R101 billion, and increases to R117 billion in 2012/13. A similar amount is being spent on medical scheme contributions, which was R74 billion in 2008, the most recent year from which audited figures are available. The latter is estimated to grow to about R97 billion in 2010, based on the increased rate set by medical schemes in previous years.

This presents a total of over R200 billion spent on health services in South Africa in 2010. The NHI will provide comprehensive quality health care at less than the current spending by the public and private health sectors. The costing sub-committee's preliminary findings suggest that the health sector's share of the overall government budget will need to increase from 12% to 14.5%.

The IMC report confirms what we have been saying as the ANC, that given the financing resources that South Africa commands, NHI is affordable. This is also important to members of medical schemes who are currently paying more for medical schemes than will be required for the NHI contributions.

The way forward

Going forward, the process will kick off with wide consultations with all interested parties. This will be followed by a review of the current legislation and the drafting of new legislation to facilitate the NHI system.

Implementation will be phased in over 14 years, and roll out will start in 2012 in the seriously underserved areas where people have difficulty accessing health care. In a simultaneous process, various mechanisms will be put in place to, create a national health fund, revitalise the public health infrastructure, the introduction of quality improvement and assurance programmes, and the development of human resource programmes.

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APPENDIX

Quick guide to an NHI:

NHI will be founded on the principles of the right to health care, universal coverage, social solidarity and public administration, in which access to health care will be based on need, not on ability to pay. NHI will be:

1. Free at point of service as it is prepaid through mandatory tax contributions and general tax.
2. A universal system covering everyone, irrespective of whether one is employed or not.
3. Inclusive of all South African citizens will be under a single publicly funded and publicly administered national health insurance rather than two-tier system
4. An integrated system in which health care services are delivered by accredited public and private sector.
5. Based on quality and affordable facilities that meet criteria for quality and cost and need will be included in NHI
6. On Choice, in which patients will have a choice within the district on where they can register for health care