



Association of Healthcare Funders of Zimbabwe

AHFoZ

(Formerly NAMAS)

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FUNDING AND PROVIDING HEALTHCARE IN ZIMBABWE

1. **Introduction**

Funding and provision of healthcare in Zimbabwe is under the custody of the Ministry of Health and Child Welfare and the Ministry of Finance. However, the private sector complements Government in both funding and health service provision.

With each budget announcement, the Government through Ministry of Finance allocates at least 15% of the budget to the Ministry of Health. This is mainly used in the Public Institutions.

This presentation will deal with Private Health Funding and Provision.

The private health sector in Zimbabwe is mostly sustained by medical aid societies and private health care givers. There are 22 Medical Aid Societies in Zimbabwe of which 7 are in-house whilst the remaining are open societies. The in-house societies include 4 local authorities. All the 22 Medical Aid Societies are members of the Association of Healthcare Funders of Zimbabwe (**AHFoZ**) whose former name is National Association of Medical Aid Societies (NAMAS).

In brief, the National Association of Medical Aid Societies (NAMAS) was formed in 1969. Its objectives were amongst other things, to deal with sensitive issues such as standardizing the tariff, liaison with the

medical profession and other healthcare givers and registering or accrediting healthcare providers.

At its inauguration the then NAMAS had a membership of 17 medical aid societies. The Association is governed by a Constitution and Code of Ethics.

2. Contribution Towards Health Delivery

- Together, medical aid societies collectively cover nearly two million lives, representing approximately 10% of the population.
- Generally, Zimbabwe has boasted of a robust medical aid system whereby service providers and funders would negotiate fees and the majority of providers were operating on direct payment. 80% of income for private institutions, including hospitals, laboratories, radiology, specialists and individual practitioners comes from medical aid. **(This amounts to a significant contribution to the entire health budget for the country.)** However, the hyperinflationary environment prevailing in the country has pushed most businesses including health service providers to operate on a cash basis. At the same time the introduction of price controls destroyed the self regulated negotiations. Service providers are regularly reviewing their fees. Patients are expected to pay huge amounts upfront before treatment. Patients have to approach either their employer or their societies for assistance. This has caused considerable strain on the medical aid societies who have to assist the members, in most instances, for emergency cases.
- With the brain drain affecting the country, most public institutions have no specialists and are being serviced by specialists who are in private practice (e.g. radiologists) These specialists and even general practitioners who have remained in the country and are assisting public and private institutions are able to do so because they are assured of a steady income from medical aid.
- Apart from traditional models, the market now offers “new generation” products which offer self-insurance through Medical Savings Accounts.

- Some societies have gone into service provision with some owning hospitals, medical and dental clinics, radiology and pathology units, optometry, ambulances, rehabilitation and pharmaceutical services.
- AHFoZ has promoted the maintenance of standards and order in the private health sector through a process of accreditation and registration. This process elevates healthcare standards and maintains them and ensures that only bona fide service providers are claiming from medical aid societies. The Health Professions Authority finds it difficult to inspect health institutions due to capacity challenges.

3. **CHALLENGES AFFECTING THE INDUSTRY**

- **The Healthcare Sector**, just like any other sector in the country, is facing serious operational challenges caused by the hyperinflationary environment. The characteristic of pooling resources together has been stretched to limits due to the sharp increases in medical costs.
- **Shortage of Foreign Currency** – to procure medical equipment, consumables drugs etc.

Pharmaceuticals' manufacturers are currently operating at below 30% of capacity due to lack of foreign currency. 70% to 80% of their raw materials are imported. They have not been able to access reasonable foreign currency from the Reserve Bank of Zimbabwe.

- **Fuel Costs** – Due to frequent power cuts, fuel is required for the operation of generators whose costs should ordinarily be recovered from the pricing of the products.

This applies to other providers whose operations are foreign currency dependent. e.g. Pathologists, Dentists, Radiologists and Private Hospitals.

- **Brain Drain** – unrealistically low and uneconomic salaries and subscriptions for some societies have frustrated some professionals forcing them to leave.
- **HIV /AIDS** – cost of and availability ARVs It is estimated that 70% of in - hospital care costs are due to HIV/AIDS related opportunistic illnesses. Local manufacturers are unable to supply ARVs as mentioned above.
- **High Costs of Healthcare** – Some hospitals are relying on “runners” for their supplies of consumables. Their suppliers demand cash and they in turn expect timeous payment from Funders.
- **Static Membership due to economic challenges.**
- **Shrinking Revenue from Subscriptions due to Down Grading or Opting Out Members.** This has serious implications on the entire industry.

- **Dysfunctional Public Health Institutions** resulting in Overburdened Private Institutions, which private institutions rely on the paying/medical aid patient.

- **National Incomes and Pricing Commission (NIPC)** – Funders are “price takers”, providers determine their price based on their cost structures. NIPC has been authorising these costs in full. Funders have not been authorised to increase the subscriptions to their breakeven figures. The low medical aid fees against the high costs of care result in – huge co-payments/shortfalls – posing access challenges. The members are now questioning the relevance of medical aid. The subscriptions being low, coupled with the fact that they are quickly eroded by inflation, leaves medical aid societies permanently on a wild goose chase, as they chase a moving target whose gap widens on a daily basis.

- **Medical Aid Fraud** remains a cause for concern – abuse of cards by members, connivance with providers, over servicing by providers amongst others.

4. **The Future**

- Whilst in the realm of ideas everything depends on enthusiasm, in the real world all rests on perseverance, yes we have persevered, we have had some tough times, but we have hung in there. There is optimism that the sector will recover as the economy stabilises. There is light at the end of the tunnel.
- Those Societies that had not already done so are now considering going into service provision, in an effort to contain costs and to ensure that the service is available at an affordable fee for their members.
- Societies through AHFoZ are now considering forming consortiums.
- It is hoped that the National Health Insurance Scheme will help complement the existing funding system.
- Zimbabwean societies through AHFoZ wish to maintain the good mutual relationships with regional partners such as the Board of Healthcare Funders of Southern Africa. To this end, I want express my heartfelt gratitude to BHF for supporting AHFoZ even during this period that our economy is facing serious challenges. You are not just watching your neighbour's house burn down but you are trying to give as much support as you can. Please keep up the good spirit. Your support is very well appreciated.
- In conclusion I want to extend an invitation to the South African and other regional Health Service Providers and Funders to come and partner us as we try to keep the Health sector ticking. We need to consider working towards “sustainable partnerships on Health” in the Region. Let us stand up to the world and be counted.

I THANK YOU.

C E Dube
CHAIRMAN

