NATIONAL HEALTH INSURANCE FOR SOUTH AFRICA

Towards Universal Health Coverage

Sept 2017

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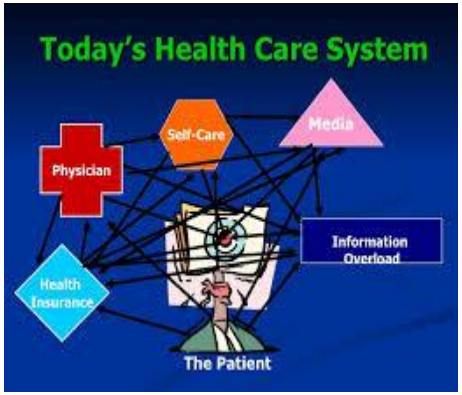
Outline

- What is NHI?
- Features:
- Cost projections
- NHI Implementation

WHAT IS NHI

- NHI is a health financing system
  - seeks to provide access to quality health services for all South Africans based on their health needs and irrespective of their socio-economic status
- Represents a substantial policy shift that necessitate massive reorganisation of both public and private health sectors



Universal Health Coverage

Current

Future

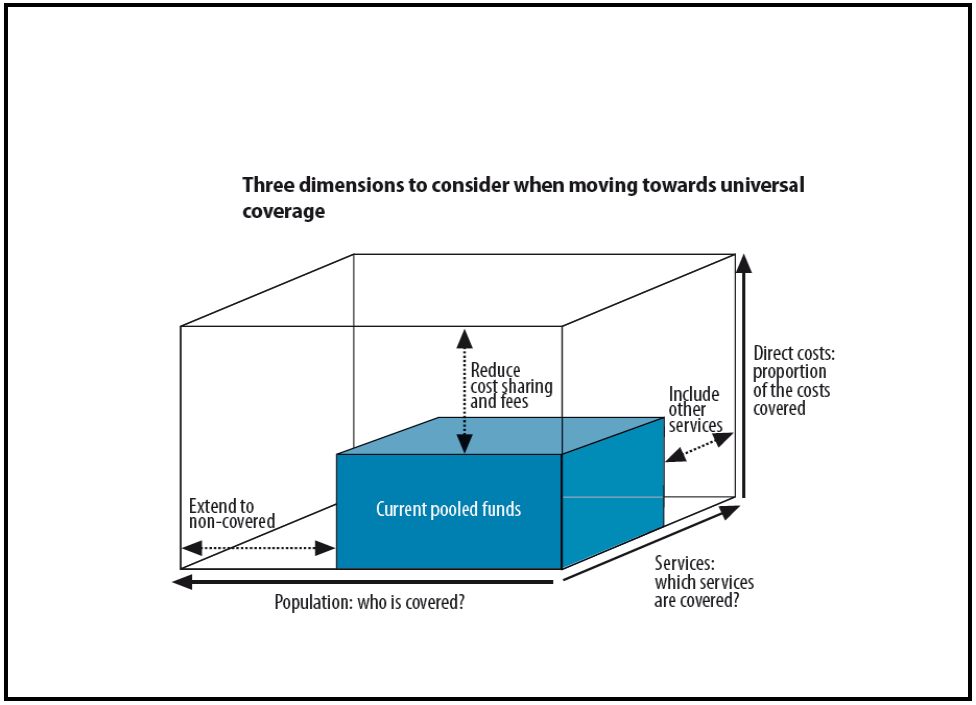
FEATURES OF NHI

- Universal access
- Mandatory prepayment of health care
- Comprehensive Services
- Financial risk protection
- Single fund
- Strategic purchaser
- Single-payer…BHF thinks this is short sighted!

PRINCIPLES OF NHI

i. Right to access health care
ii. Social solidarity
iii. Equity
iv. Health care as a Public Good / Social Investment
v. Affordability
vi. Efficiency
vii. Effectiveness
viii. Appropriateness

The three dimensions of moving towards universal coverage



SERVICE COVERAGE

- **Comprehensive package of personal health services**
  - Spectrum of – community outreach, PHC level based on the ideal clinic model, health promotion and prevention to other levels of curative, specialised, rehabilitative and palliative care
  - Provided through public and private providers
    - Certified by OHSC
    - Accredited by the NHI Fund
  - Using clinical protocols and referral guidelines + Essential Drug List + Essential Laboratory List
- **Point of entry = primary health care**
  - integrated teams of practices serve a catchment population with referrals to higher levels of care
  - individual practitioners will have to be part of referral networks
- **NHI Benefits Advisory Committee will develop and review**
  - evidence on cost-effectiveness, efficacy and health technology assessments
  - therapies that have little impact on positive health outcomes will not be paid for under NHI
- **Vulnerable population and their Needs**

COST COVERAGE

- No payments at the point of healthcare delivery
- **By-pass fees will be imposed** for non-adherence to referral pathways
- Excluded services (e.g. elective cosmetic surgery), will be paid for in full by the patient

POOLING OF REVENUE THROUGH NHI FUND

i. The NHI Fund will be a single national pool of funds that will be used to purchase personal health services on behalf of the entire population.

- **Initially through Transitional Fund**
- funding for central hospitals will be reconfigured into a central funding

iii. NHI will reduce fragmentation and to maximize income and risk cross-subsidisation

iv. Once fully implemented, NHI benefits will also include those social security services currently covered through:

- Compensation Fund for Occupational Diseases and Injury (COIDA);
- Compensation Commissioner for Occupational Diseases in Mines and Works Act (ODMWA); and
- the Road Accident Fund (RAF)

- **Illiminate Tax Credits**
  - **Freeup about R20B**

PURCHASING OF SERVICES

i. There will be separation of institutional and organisational components that are responsible for the purchasing and provision of health services through a **Purchaser-Provider Split**

ii. Purchasing Function of the NHI Fund will be responsible for identifying population health needs and determining the most appropriate means to meet these needs

iii. The NHI Fund will leverage its monopsony power to **strategically purchase services** that will benefit the entire population entitled to benefit from NHI

- Providers will be contracted by the purchaser to deliver health services based on the need that has been identified

CONTRACTING OF HEALTH SERVICE PROVIDERS

1) Providers who satisfy accreditation requirements will be considered for contracting with NHI based on need
2) Contracting unit for the NHI
   - district hospital linked to a number of PHC facilities; Later – PHC facilities (Ideal Clinic model)
   - Hospitals (will be afforded semi-autonomy)
3) Contracts will contain a clear statement of performance expectations in respect of
   - patient management; patient volumes; quality of services delivered; adherence to clinical protocols and treatment guidelines; and improved access to health services.
4) Contracts will also stipulate the reimbursement strategy that will be applied
5) Contracts will be reviewed on a regular basis taking into account health system priorities, epidemiological changes and provider performance.
6) Performance will be monitored and appropriate sanctions will be applied where there is deviation
7) **NHI Fund in consultation with the Minister will determine its own pricing and reimbursement mechanisms**

PROVIDER PAYMENT MECHANISMS

i. Through **strategic purchasing**, the Fund will reimburse contracted providers in a way that creates appropriate incentives for efficiency and for the provision of quality care
   - Performance payments could be linked to reaching or exceeding certain targets
   - Lump sum performance payments could also be made to individual staff and/or clinical and outreach teams

ii. The NHI Fund will use its various payment mechanisms to leverage the provision of efficient and quality services through linking provider payment to their performance and compliance with accreditation criteria
   - At PHC, the main mechanism that will be a **risk-adjusted capitation system** with an element of performance based payment
   - At the hospital level, the main mechanism that will be used to pay facilities contracted by the NHI Fund will be an activity-based payment such as **diagnosis related groupers (DRGs)**

Pilot Sites

- Identify problems in health service delivery and management
- Pilot contracting of GPs
- OHSC inspections/audit

- FIX PROBLEMS!
  - Try and Test

Financing

		Average annual per cent real increase	Cost Projection R m (2010 prices)
Baseline public health budget:	**2010/11**		**109 769**
Projected NHI expenditure:	2015/16	4.1%	134 324
	2020/21	6.7%	185 370
	2025/26	6.7%	**255 815**
Funding shortfall in 2025/26 if baseline increases by:		2.0%	108 080
		3.5%	71 914
		5.0%	27 613

NHI Implementation

- Seven implementation committees

- MS: complementary cover once NHI fully implemented

Financing

Public Sector

a) Restructuring of Equitable Share
b) Hospitals
(i) Establish cost-based budgets for Hospitals
(ii) Introduce case-mix based budgets
c) PHC
(i) establish Clinic Budgets
(ii) Introduce capitation contracting

Private Sector

a) High prices for health services
b) Price regulation for the all services included in the NHI comprehensive benefit framework
c) Removal of Differential pricing of services based on diagnosis
d) Co-Payments and Balanced billing

Provision

Public Sector

a) School Health
b) Maternal and woman's health
c) Mental Illness
d) Elderly
e) Disability and Rahabilitation
f) Expansion of Service Benefits
g) Implementation PHC services through 1st 1000 clinics

Private Sector

a) Introduction of Single Service Benefits Framework
b) Reduce the number of options per scheme
c) Reform of PMBs and alignment to NHI service benefits, including common protocols/care pathways

Governance

Public Sector

a) Establish Central Hospitals as Semi-autonomous structures
b) Strengthen Govenance and delegations of Hospitals
b) Strengthen Govenance and delegations of Districts

Private Sector

a) Governance and non-health care
b) Reserves and solvency

Interim Institutional Structures

a) Establishment of NHI Transitional Structures
b) Establishment of Health System Reform Structures
c) Interim NHI Fund

Regulatory

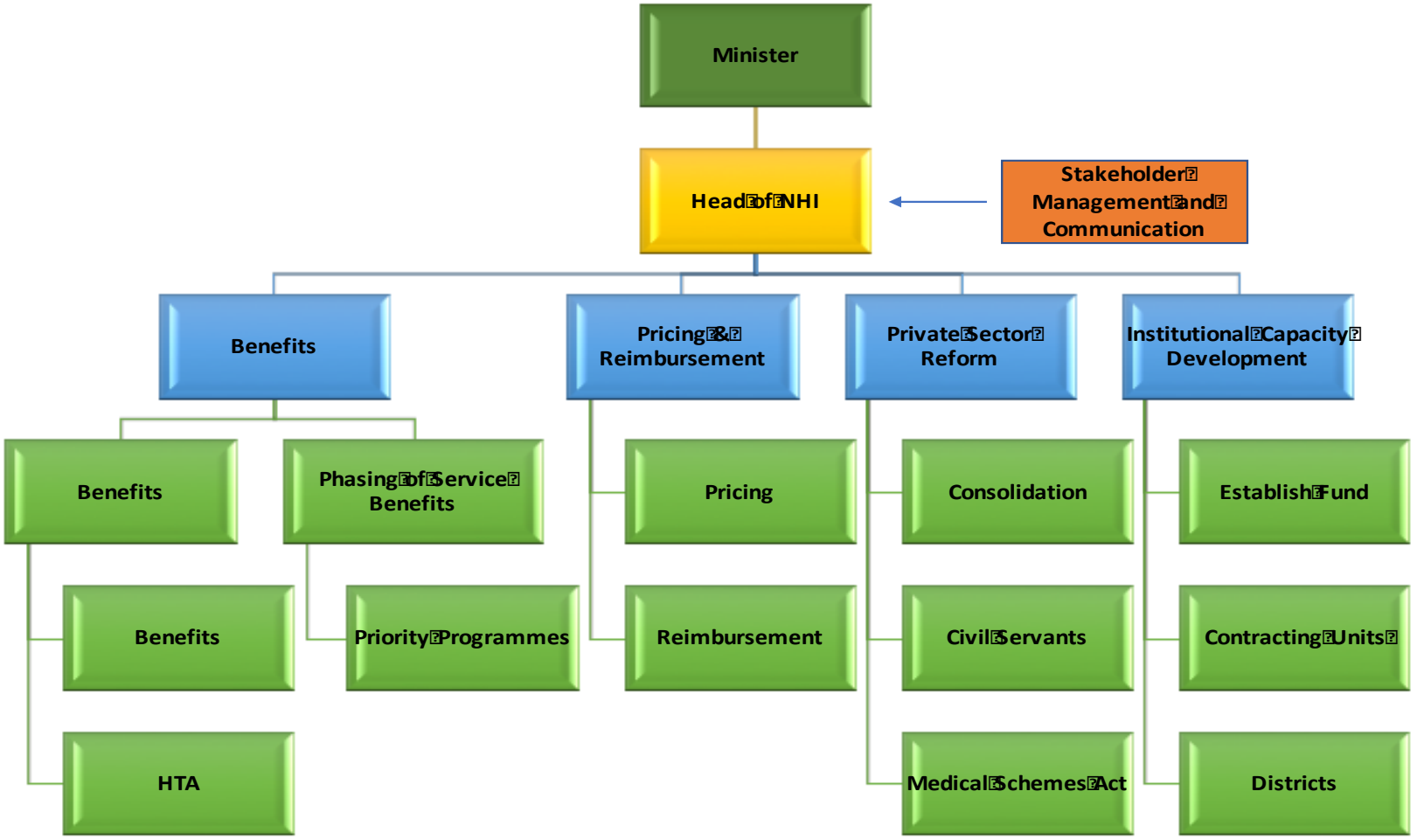
Public Sector

a) Legislation to create NHI Fund
(i) The NHI Bill introduced
b) Legislation Ammendments
(i) The National Health Act
(ii) The Health Professions Act
(iii) General Health Legislation Ammendment

Private Sector

a) Medical Schemes Act and regulations Reform
b) Consolidation
(i) Consolidate GEMS and other state medical schemes into single structure
(ii) Reduce the number of Medical Schemes
(iii) Reduce the number of options in Medical Schemes
c) Licensing of health establishments

Implementation Structure



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