

National Health Insurance Bill & Implementation



20 November 2019



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What is National Health Insurance (NHI)?



- NHI (National Health Insurance) is a **health financing system** that is designed to pool funds to provide access to quality affordable personal health services for all South Africans, based on their health needs, irrespective of their socio-economic status
- NHI aims to achieve Universal Health Coverage (UHC) for all South Africans
 - Cover more people
 - Cover greater range of services
 - Improve quality of care



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Why do we need NHI?



- Health care is a **human right** that every one of us is entitled to
 - This is also a widely accepted international principle
 - This right should not depend on one's financial status
- Presently totally inadequate two-tier health system with poor outcomes in comparison to inputs
 - Fragmented, poor, inefficient, understaffed and ill-equipped public sector serving about 85% of the population
 - Fragmented, over-serviced, over-specialised, expensive, private sector serving about 15% of the population
- It is not possible to address one part of the dichotomy without addressing the other, they are mutually dependent
- The whole system needs a 'face-lift'
- Recognise both systemic change required and local change required



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How will NHI work?



- NHI will pool public resources into **one NHI Fund**
- NHI Fund will **purchase services (benefits)** on behalf of the whole nation from both the public and private health sectors
- The NHI Fund **contracts directly with service providers**
- The public (Users) must register with clinics and doctor/family practitioners to obtain services

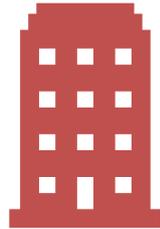


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Big picture



Purchaser of health care

NHI Fund Office

- Public Entity
- Administrative purchasing units

(Private Medical Aids)



Providers of health care

Public

Private

PHC/Hospitals

Accreditation



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When will NHI be implemented?



- As soon as the Bill passes through the National Assembly and National Council of Provinces
- It will be **implemented in phases** and fully implemented in 2025/6 Financial Year
- An implementation plan is being finalised in preparation for the passage of the NHI Bill



Many years of concentrated and consistent work



Broken up into manageable phases and parts each of shorter duration



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Objects of the NHI Bill



- **Achieve universal access to quality health care services** (S27 of the Constitution)
- Establish the NHI Fund and to set out its powers, functions and governance structures
- Provide a framework for the NHI Fund strategic purchasing of health care services
- Create mechanism for the equitable, effective and efficient utilisation of the resources to meet needs of the population
- Prevent or limit unethical and unlawful practices in relation to the Fund and its users



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Aim of the Bill



- Achieve the **progressive realisation** of the right of access to quality personal health care services (Universal Health Coverage)
- **Pool** financial resources and ensure risk protection
- Provide **quality** of health care services, **universality and social solidarity**
- **Single purchaser** of health services and end fragmentation
- Create a **single national health system**
- Ensure **portability** of health care services to enhance access



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The NHI Fund



- Must **purchase health care services**, determined by the **Benefits Advisory Committee**
- Chief source of income is **money appropriated annually by Parliament** in order to achieve the purpose of the Act from money collected and in accordance with social solidarity in respect of—
 - general tax revenue, including the shifting funds from the provincial equitable share and conditional grants into the Fund;
 - reallocation of funding for medical scheme tax credits paid to various medical schemes towards the funding of the National Health Insurance;
 - payroll tax (employer and employee); and
 - surcharge on personal income tax introduced through a money Bill by the Minister of Finance and earmarked for use by the Fund, subject to section 57



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Beneficiary users of NHI



- South African citizens (includes all children regardless of origin) permanent residents, refugees, inmates, designated foreign national
- An asylum seeker or illegal migrant, and foreigners with no travel insurance are only entitled to
 - emergency medical services
 - notifiable conditions services
 - Foreigners who hold travel insurance are covered by own policy



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Registration of Health Service Users



- **Everyone must register as a user** with the Fund at an accredited health care service provider or health establishment
 - parent must register his or her child as a user
 - child born to a user is registered automatically at birth
 - Persons aged 12 and 18 years may apply for registration if not registered as a dependent
 - A supervising adult must register a child in the child-headed household concerned
 - If no supervising adult, any employee of an accredited health care service provider or health establishment must assist the child to be so registered
- Biometrics as prescribed, including fingerprints, photographs, proof of habitual place of residence
- Possible new prescripts for foreigners by the Minister, in consultation with the Minister of Home Affairs



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Complementary Cover



- Third party payment for personal health care service **benefits not reimbursed by the Fund**, including any top up cover offered by medical schemes registered in terms of the Medical Schemes Act (as amended) or any other voluntary private health insurance fund



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Health care services coverage



- The Fund will contract accredited providers and health establishments at PHC and at hospital level, based on the **health needs** of users and in accordance with **referral pathways**
- A user must receive services at a provider or health establishment at which he/she is registered
 - must first access health care services at a PHC level as the entry into the health system
- Services will be **portable** where not possible to use services at a facility where he/she is registered
- Where not possible to provide services, the provider must **transfer** the user to another appropriate provider or competent on such terms as may be prescribed
 - must adhere to the prescribed referral pathway; and
 - is not entitled to health care services purchased by the Fund if he or she fails to adhere to the prescribed referral pathways



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NHI Fund as purchaser



- Fund will **purchase health** services for all based on need:
 - Fund must **transfer funds directly** to accredited and contracted central, provincial, regional, specialised and district hospitals (including private hospitals) based on a **global budget or Diagnosis Related Groups**
 - Funds for PHC must be transferred to Contracting Units for Primary Health Care at the sub-district level (**capitation**)
 - Emergency medical services provided by accredited and contracted public and private health care service providers must be reimbursed on a **capped case-based fee** basis with adjustments made for case severity, where necessary
 - Public ambulances services will be reimbursed through the **provincial equitable allocation**



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Accreditation of service providers



- **Health care service providers** and health establishments will be accredited to deliver health care services (benefits) at the appropriate level of care
- Proof of **certification** by the Office of Health Standards Compliance (OHSC) and of registration by a health professional Council
- **NHI Fund must ensure that providers meet the needs of users** and must ensure service provider compliance with prescribed specific performance criteria



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Payment of health care service providers



- The Fund
 - must determine the nature of **provider payment mechanisms** and adopt additional mechanisms
 - must ensure that health care service providers are properly accredited before they are reimbursed
 - in the case of **specialist and hospital services**, payments must be all-inclusive and based on the performance
 - **emergency medical services** must be reimbursed on a capped case-based fee basis with adjustments made for case severity, where necessary



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NHI Fund Functions



SEVEN main functions, each in a component, some also supporting committees that will report to the Minister:

1. Governance and Administration, including
 - CEO Office (Incl Board & Committees)
 - Corporate Services
 - Finances (CFO)
2. NHI Fund
3. Health Care Benefits & Provider Payment Design
4. Health Product Procurement
5. Digital Information
6. Risk & Fraud Management
7. User & Service Provider Management

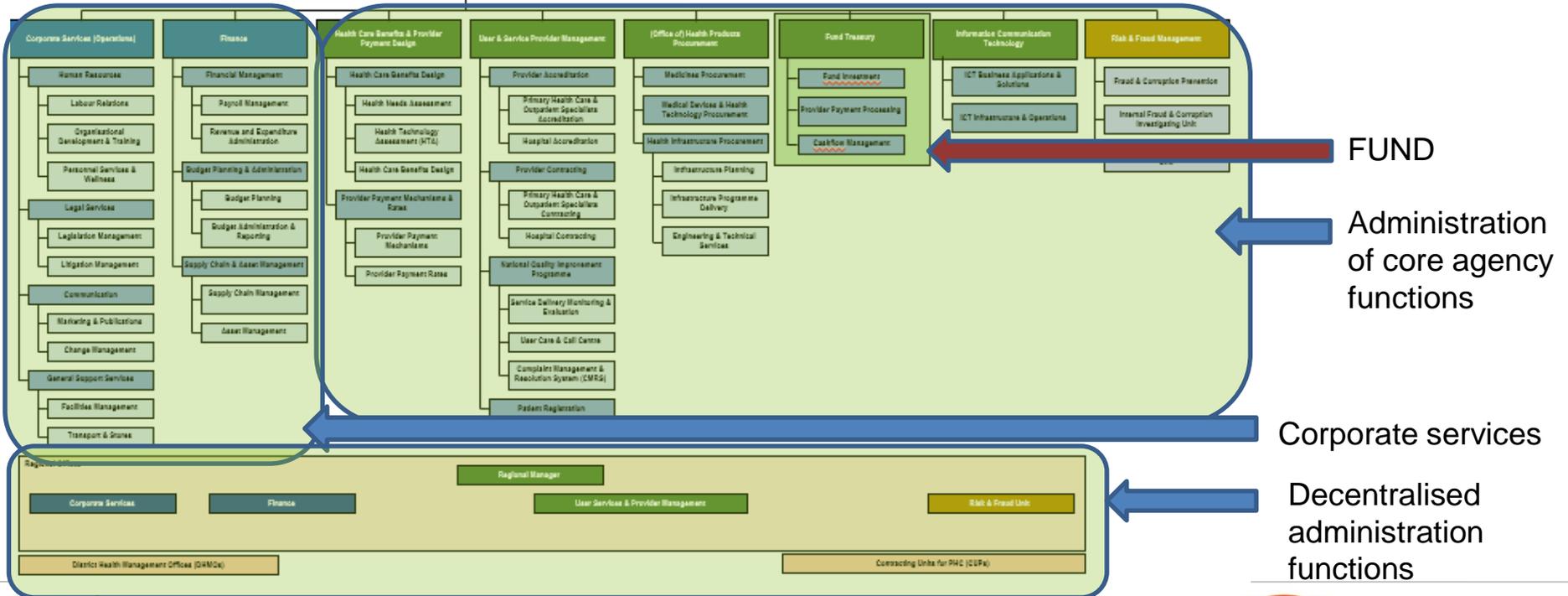
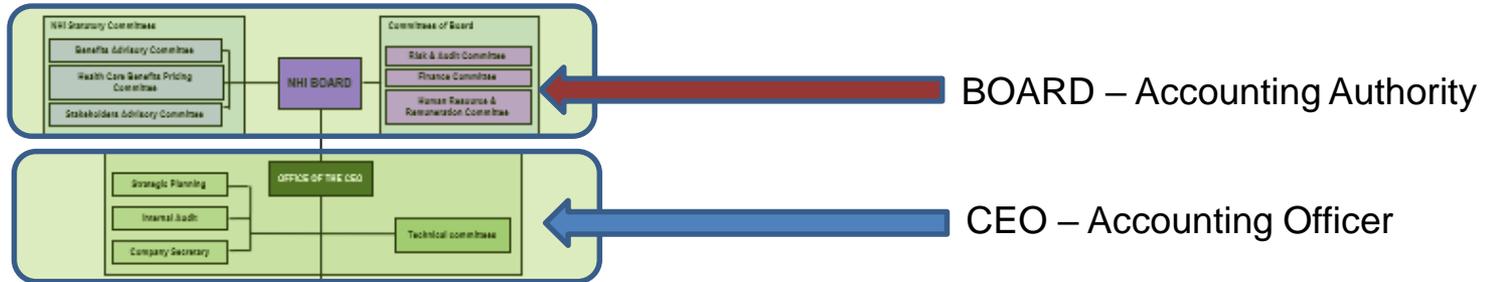


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NHI Fund organisation



Role of health departments



- National Department of Health – policy, standards, coordination
- Provincial Departments of Health – stewardship over public and private providers
- Municipalities – non-personal health services and intersectoral interactions



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District Health Management Offices & Contracting Units of Primary Health Care



- **DHMO** must manage, facilitate, support and coordinate the provision of PHC services for personal health care services and non-personal health services at district level in compliance with national policy guidelines and relevant law
- **CUP** manages PHC services, such as prevention, promotion, curative, rehabilitative ambulatory, home-based care and community care in a demarcated geographical area (needs in terms of the demographic and epidemiological profile)
 - is a preferred unit with which the Fund contracts for the provision of PHC services within a defined area
 - is comprised of a district hospital, clinics or community health centres and ward-based (accredited public and private health care service providers at primary care facilities)
 - manage contracts entered with accredited health care service providers, health establishments and suppliers in a prescribed manner
 - monitor the disbursement of funds to health care service providers, health establishments and suppliers



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What will NHI cost?



- Need not be any more than what the people in the country spend today!
- 8,2% to 8,8% of GDP (depending on source)
 - Public around 4,0%
 - About R3 155 per person per year
 - About R219bn pa increasing by about R4bn pa
 - Private around 4,55%
 - About R235bn pa
- The aim must be to spend every Rand more efficiently and appropriately to the need of the patients
- Transitional costs

Contentious Issues



- Role of medical schemes
- Role of provinces
- Capabilities of the State to manage NHI Fund
- Centralised procurement



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Private Sector preparation for NHI (HMI Report)



- MANY negative comments in the executive summary documenting:
 - Inefficiencies
 - Over servicing
 - Anti-competitive behaviour
 - Poor or undocumented health care outcomes
 - Transfer of costs
 - Poor accountability
- NDOH/PDOHs need to work with private players, regulators and professional councils to address most pressing issues
 - Hospitals
 - Medical Scheme Administrators
 - Medical Schemes
 - PHC providers
- Overlaps with Public System challenges – Social Compact actions

Actions from the Social Compact



Pillar 1: Human Resource Operational Plan

Pillar 2: Supply Chain of Medicines, Medical Products and Equipment

Pillar 3: Health Infrastructure

Pillar 4: Private Sector Engagement

Pillar 5: Improve the quality and quantity of health services provided including improved access to primary health care

Pillar 6: Public Sector Financial Management

Pillar 7: Governance and Leadership

Pillar 8: Community Engagement

Pillar 9: Robust Health Information Systems



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THANK YOU



NGIYATHOKOZA!

ro livhuwa!

dankie!

ke a leboga!

ENKOSI!

inkomu!

thank you!

udo livhuwa!

ke a leboha!

ngiyabonga!

siyabonqa!



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