

NHI: A Deserved Monopoly on South Africa's Healthcare?

by
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Thoughts for Today!

Universal Health Coverage & NHI

SA's Public Health Sector

Competition in Healthcare

Political Influence



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Universal Health Coverage (UHC)

UHC is a policy objective

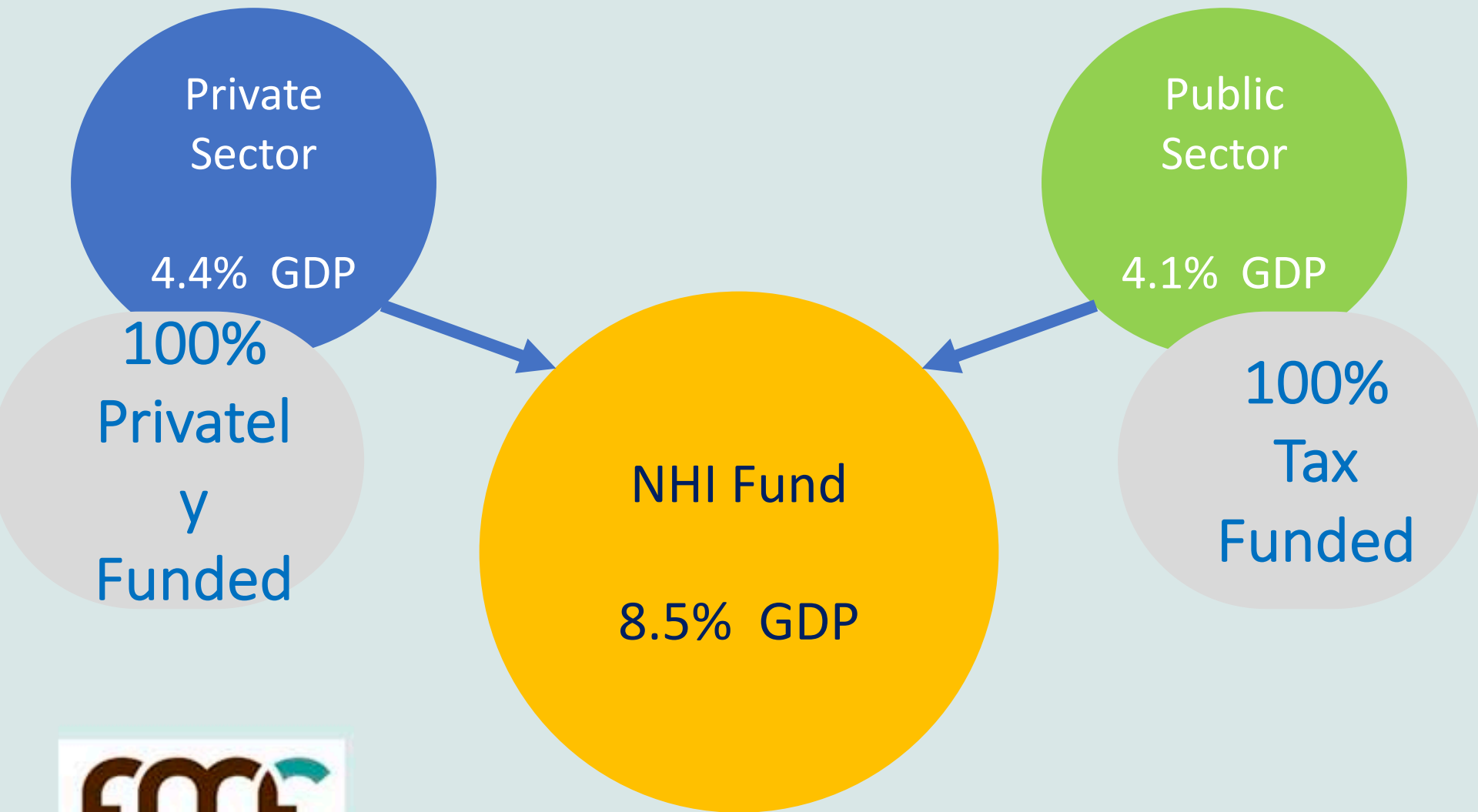
NHI is a funding mechanism

SA already has Universal Health Coverage

Coverage Index:	SA	0.67
	World Average	0.64
	Europe & N America	0.77
	Sub-Saharan Africa	0.42

SA's Delivery Management is Problematic

Basis of NHI



Basis of NHI

More Taxes!

R164bn
pa

Private
Sector

3% GDP

NHI

8.5% GDP

Public
Sector
>> 5.5%
GDP

R286bn pa

DoH Budget – R226bn
Tax Credits – R25bn
State Subsidy – R35bn

R450bn pa



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Thoughts for Today!

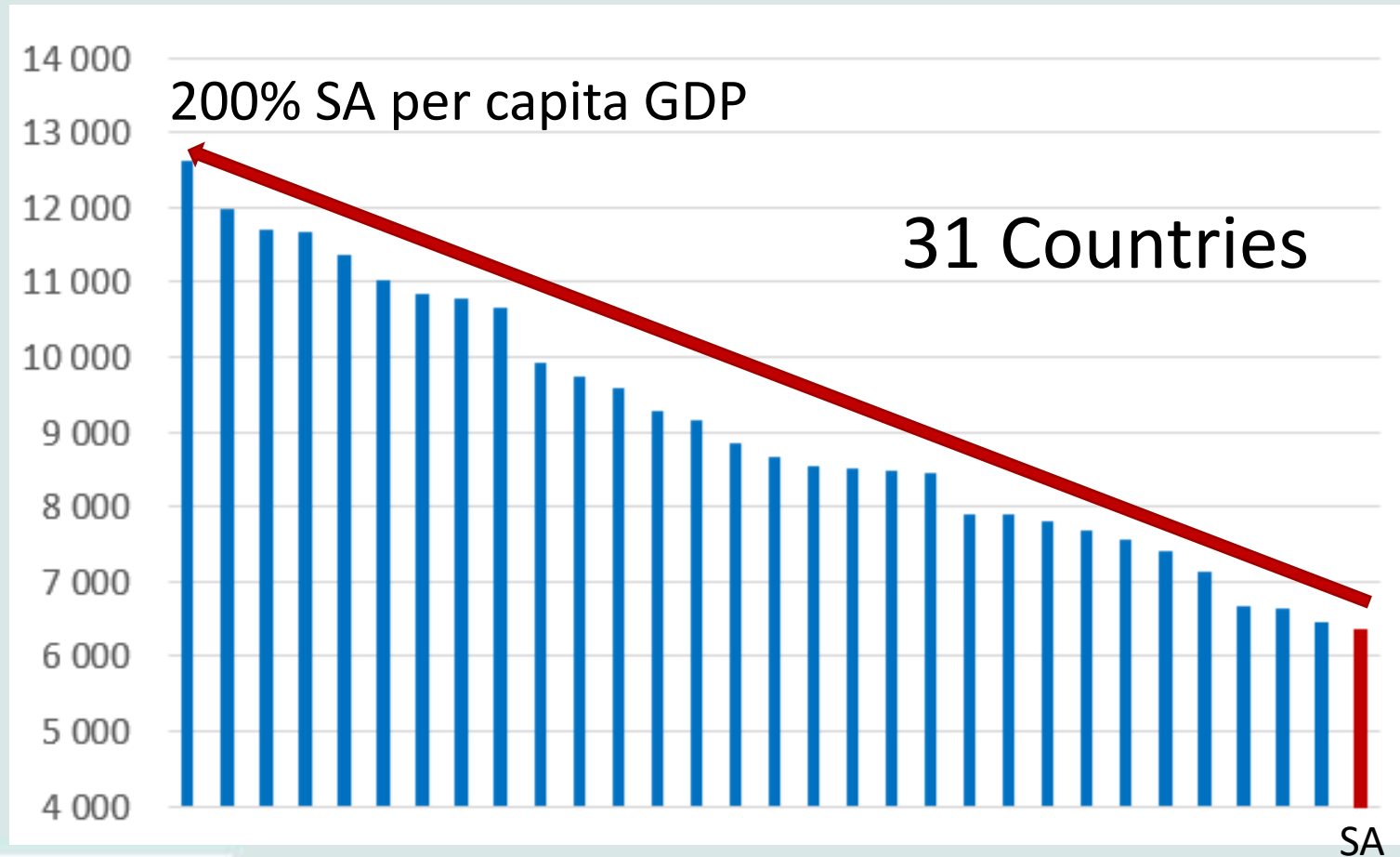
SA's Public Health Sector



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Per Capita GDP (2016 US\$)

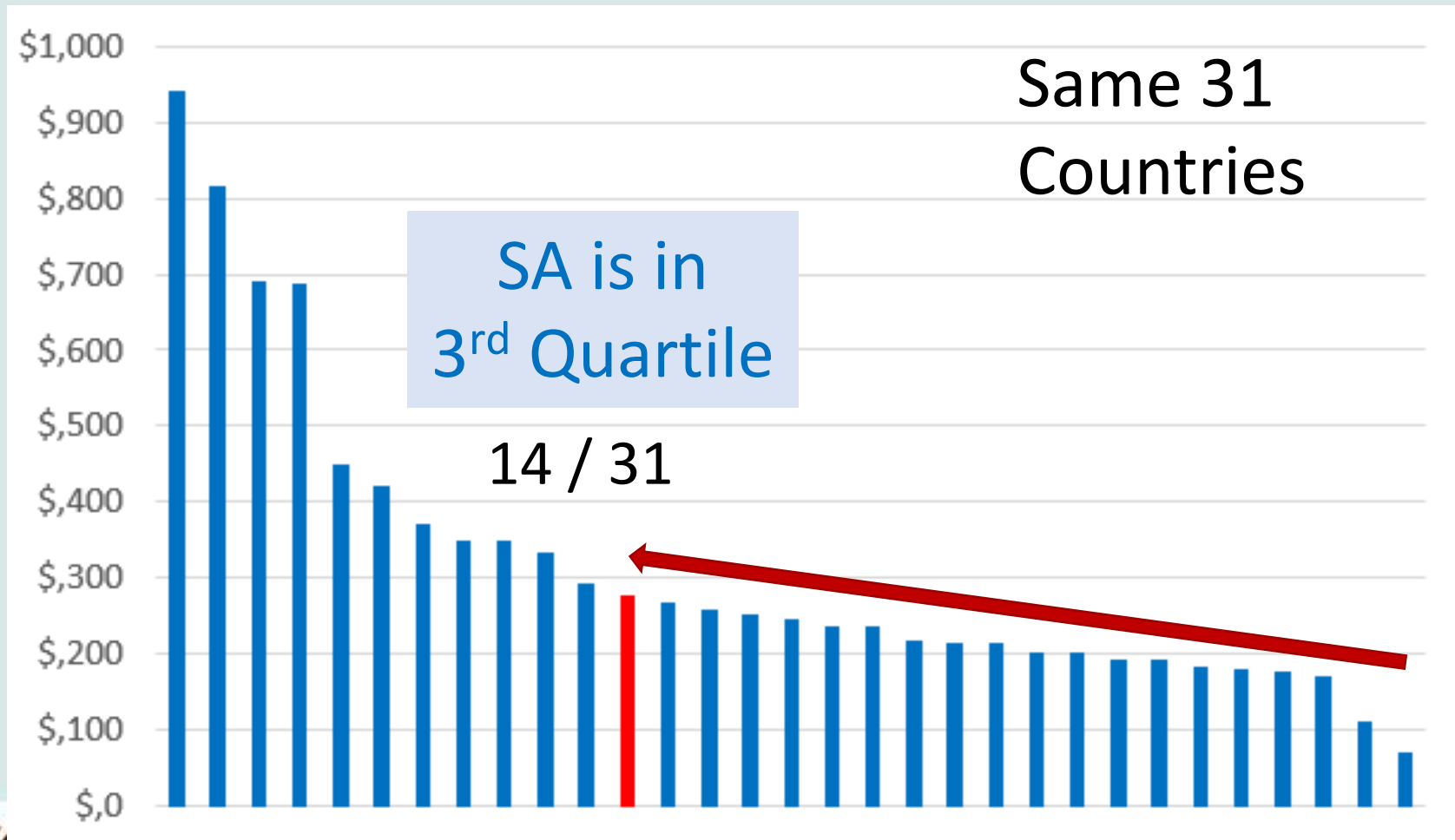


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Sources: IMF

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Public Health Spend per Capita (US\$)



Sources: IMF & IHME

Government's Problem Statement

Dr Zweli Mkhize, Minister of Health

Responding in a recent parliamentary Q&A session, Mkhize said that the primary reason for this **shortage** is that the public health sector budget has not increased in real terms for the past 10 years.

This has **impacted the number of staff that can be appointed**, he said.

Public Sector Medical Personnel



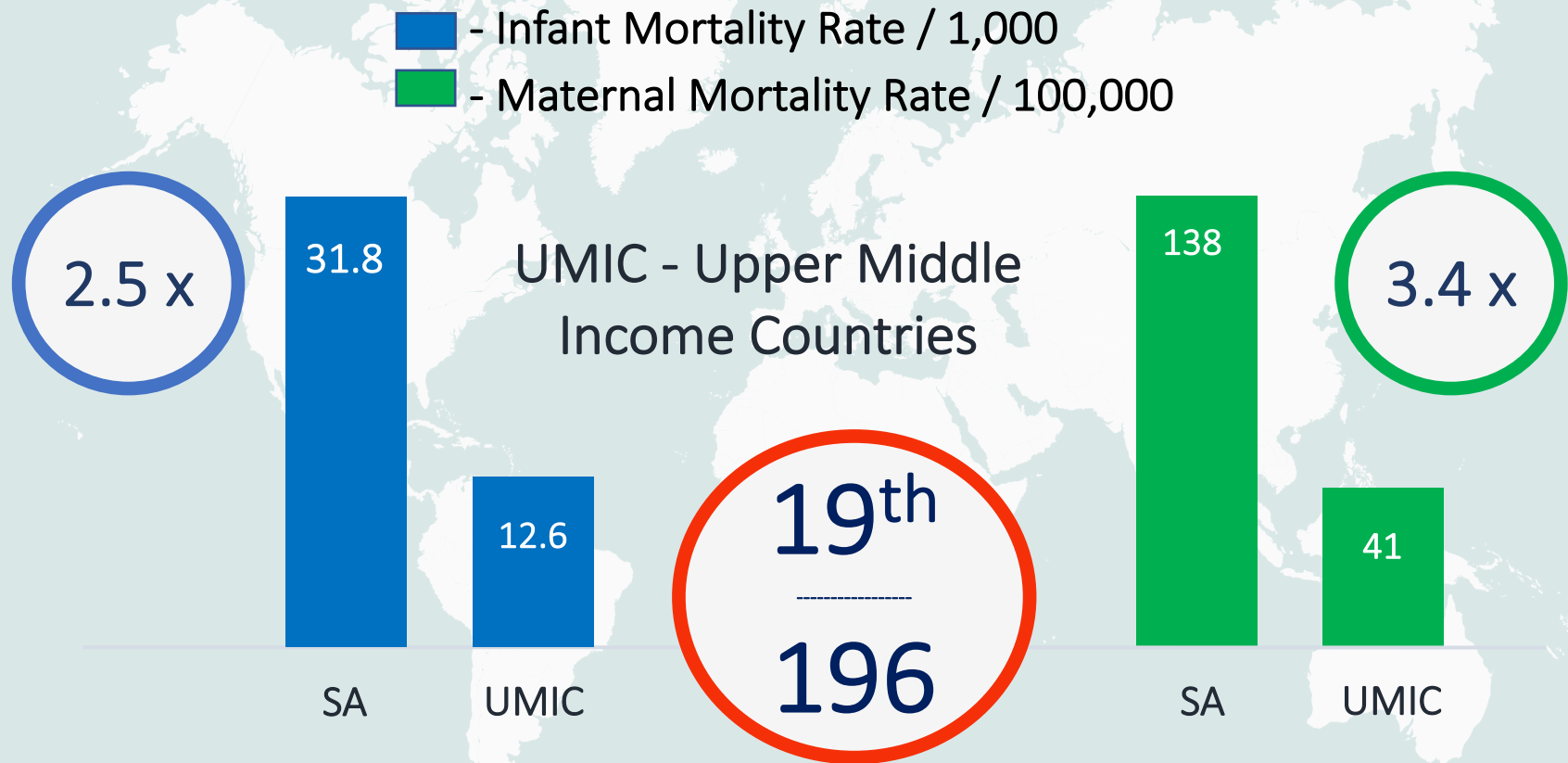
Source: National Treasury, FHI360 & KZN DoH, 2017



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Public Sector Outcomes



Sources: WHO, UNICEF, UN, World Bank



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Office Health Standards Compliance (OHSC)

2018

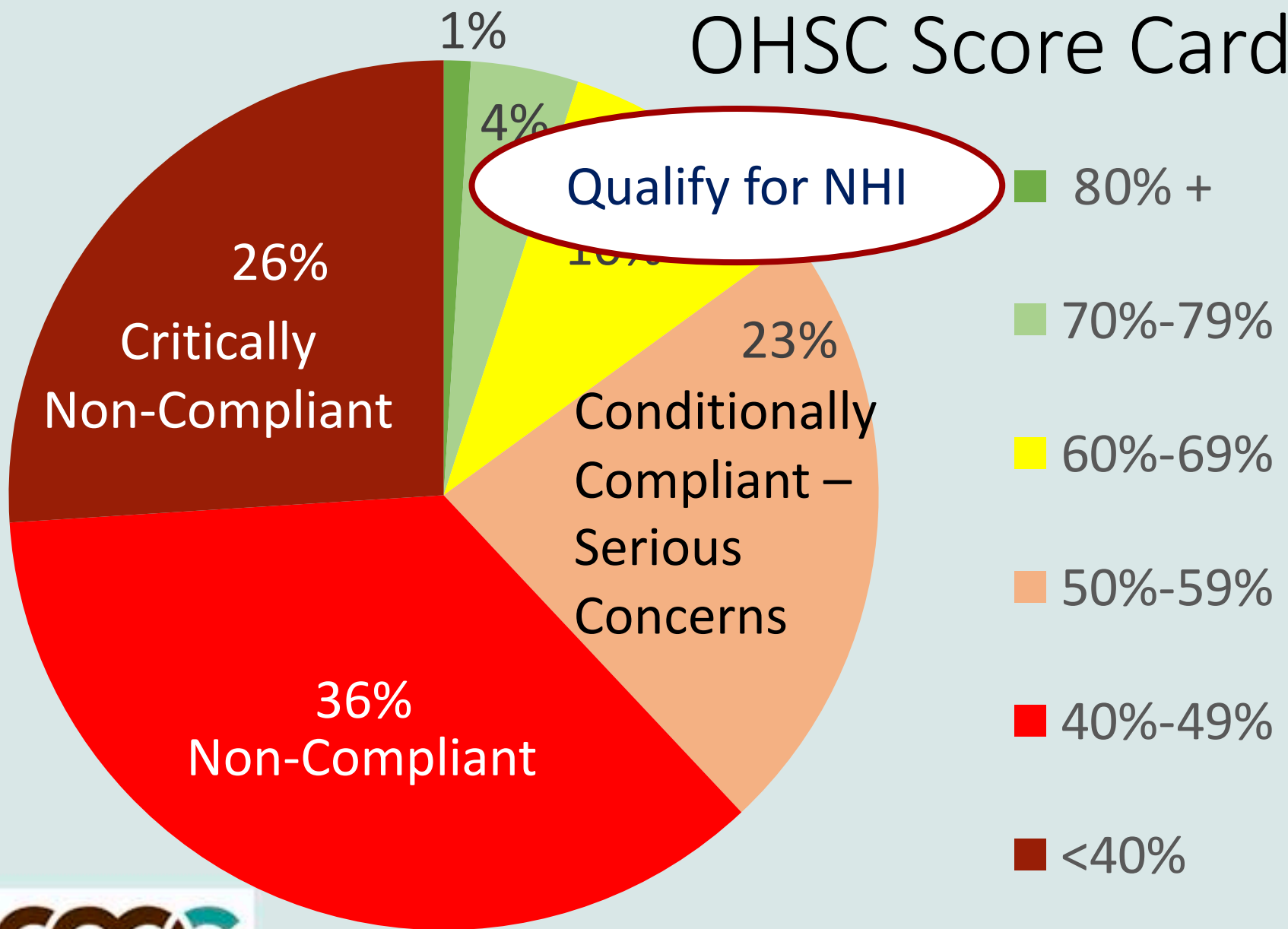
Inspection Report

-

696

Public Facilities Inspected

OHSC Score Card



Medical Malpractice Liability

A Substantial & Growing Problem!

2014/15 = R28bn

2015/16 = R43bn

2016/17 = R60bn

2017/18 = R80bn

2018/19 = R98bn

N DoH
Budget
R226bn

43%



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Source: National Treasury

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Insider Views!

Health Ombudsman
Professor Malegapuru Makgoba

*“I think the state of healthcare
it’s collapsing!”*

Auditor General, Thembekile Makwetu

“The county’s health services are in crisis!”

Health Market Inquiry Findings

On the Department of Health

Inadequate stewardship of the private sector

Failures -

- Not using existing legislated powers to manage private sector
- Not holding regular reviews as required by law
- Not holding regulators sufficiently accountable

As a consequence, the private sector is neither efficient nor competitive



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Concluding Questions?

Qu 1: Should Government have more involvement in the arrangement of healthcare for citizens?

Qu 2: Should it now also hold a Monopoly on Healthcare?

Thoughts for Today!

Competition in Healthcare



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Rationale for NHI

A Single Payer (Monopoly) NHI Fund
with
Nationally Centralised Procurement
will reduce
Costs

Let's Test that Rationale!

Testing NHI Rationale

British NHS

Citizens can Choose Funder

Patients have Choice of Providers

Money Follows the Citizen/Patient

Results: Improved Outcomes
 Reduced Waiting Times
 Costs Declined (real terms)



Competition



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Seriously Testing NHI Rationale

Prof Michael Porter, Harvard, Dept of Economics

“But history tells us that monopolies that are truly benevolent and effective are rare.”

— Michael E. Porter, Redefining Health Care: Creating Value-Based **Competition** on Results



INTERNATIONAL
CONSORTIUM FOR
HEALTH OUTCOMES MEASUREMENT



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Is there any NHI Rationale?

Prof Alex van den Heever, Wits University

“The [NHI] bill proposes to centralise what should be decentralised. The purchasing function should not be placed within a national structure, as this is too distant from delivery and will institutionalise massive inefficiencies.”

Concluding Questions?

Qu 1: Should we not rather have a **decentralised** public structure with **regional authority and accountability**?

Qu 2: But don't we **already have** such a **public health structure**?

Thoughts for Today!

Political Influence



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Fundamental Flaws of NHI

'Silver bullet' on its way to being reality Mkhize
tells parliamentarians



JULY 10TH, 2019



SOUTH AFRICA



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Political Influence

prasa

PASSENGER RAIL AGENCY
OF SOUTH AFRICA

 **Eskom**

 **DENEL**


SOUTH AFRICAN AIRWAYS

 **SABC**



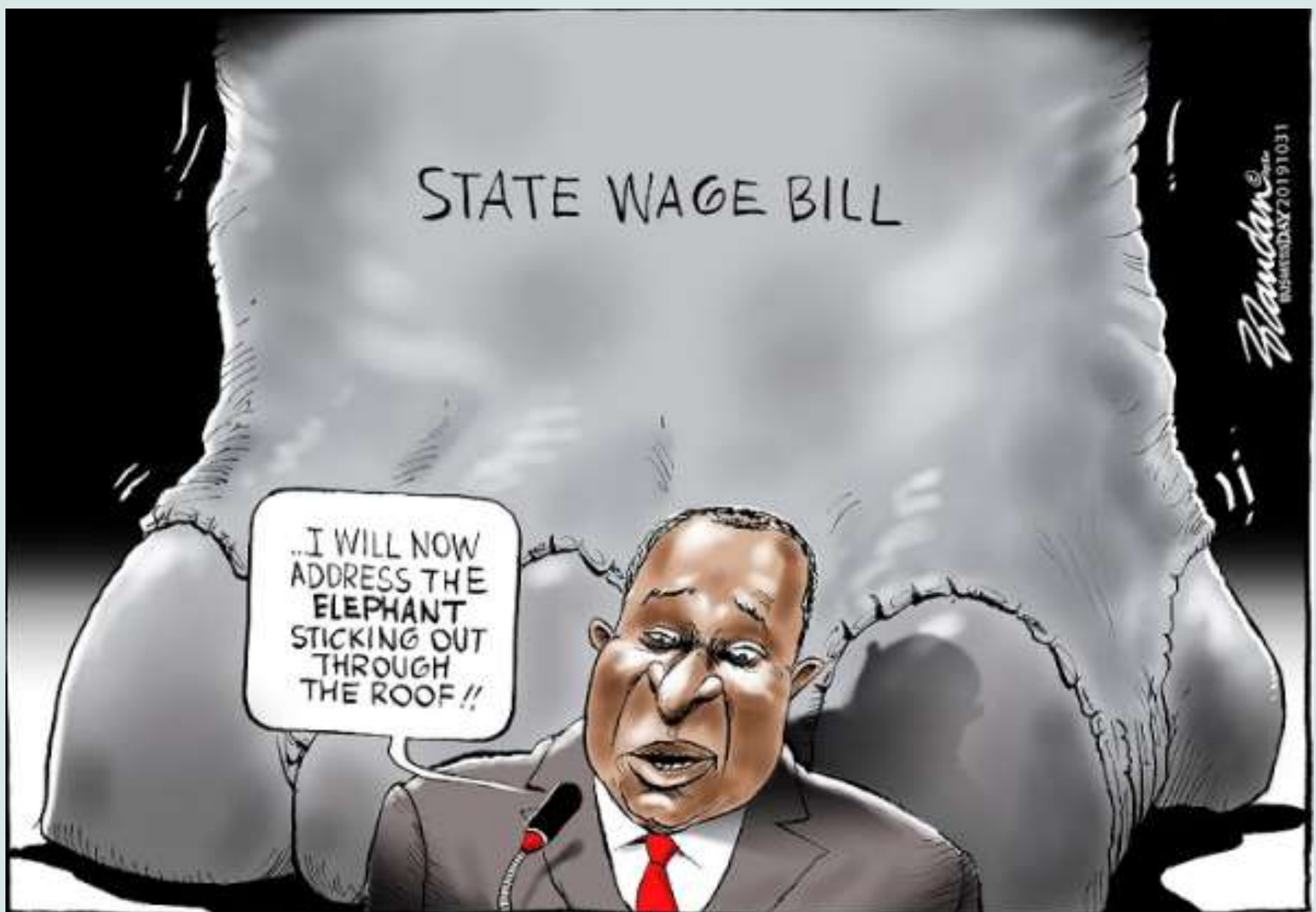
Worst audit outcomes ever for SOEs

Turnaround plans had virtually no impact for ailing parastatals, whose financial health "remained under significant pressure", the Auditor-

fmmf

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AN ARM AND A LEG.

CART   

Conclusions

2006 to 2016

Medical Personnel Increased by 42%

More Money and More Doctors

Outcomes have not Improved

SA Cannot Afford Another Tax and

More Wastage of Taxpayers Money

Only Realistic Option - Fix Both Sectors

Brazil

World's 2nd
Largest
Private
Healthcare
Market

±155
million
lives

World's
Largest
Public
Healthcare
System

±55
million
lives

Pragmatism & Realism



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Thank You
For Listening!



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