



## **NHI or bust – the road of no return to health care reform**

Eighteen months ago in April 2008, this column carried a piece entitled 'National health insurance on the horizon for South Africa'. That horizon has since moved much closer. In his budget speech to Parliament in July 2009, the new Health Minister Aaron Motsoaledi flatly declared that 'The present model of health care financing is just outright primitive, and we are going to abandon it.' This year has witnessed vigorous if often unenlightening debates on national health insurance. These have been fuelled by leaked ANC documents and passionate declarations by protagonists such as the labour unions, yet hobbled by a lack of concrete information on exactly what the government has in mind.

There are many commonalities between the health systems in South Africa and in the USA and, in a curious serendipity, the year 2009 has seen both the Obama and the Zuma administrations take determined steps to pursue health system reforms that – for better or worse – will profoundly change the face of health care as we know it. Here, as in the USA, debates about health care reform centre on questions of the right to health care, access, fairness, efficiency, cost and quality. Both countries spend a lot more money on health, yet lag behind in such measures as infant mortality, maternal mortality and life expectancy, compared with nations of equivalent wealth and development. Both countries have a costly private health insurance sector with premium rates rising unsustainably in the face of steadily diminishing client benefits. It is said that in the USA medical debt is the principal cause of personal bankruptcy. In South Africa the public service has served as the safety net of last resort for those who run out of benefits and are discarded by the private health care system.

Unlike in the USA, however, in South Africa there would seem to be a growing consensus even among private providers that something needs to be done to reconfigure the system. Writing in the party's electronic letter of 10 June 2009, the opposition Democratic Alliance shadow health minister, Mike Waters MP, observed that 'Health care in the public sector is affordable but of dismal quality. Quality health care in the private sector is available to a few, but at a high cost. The potential exists to bring these two sectors together to build a system that suits everyone's needs, and provides quality care to all.' Agreed. But to unqualifiedly demonise the public sector and glorify the private sector is patently unjust. Both sectors face major challenges of social justice, efficiency and sustainability.

The lynchpin of the proposed NHI will be the establishment of a single-payer system of health care financing,

acknowledged to be more cost-effective than a multiplicity of funders as in our present system of numerous and mutually competing medical aids. A national single-payer system eliminates unnecessary administrative costs, duplication and profit taking. The NHI envisages a single entity, the NHI Fund administered by an NHI Agency (NHIA) that will collect and pool all monies and be responsible for all procurement in order to secure greater bargaining power in the purchase of health care services and products. The revenues will come from a payroll tax, matching employer contributions, and further state contribution in lieu of the segment of the population that is not employed or is under-employed.

Every South African will be obliged to sign up for NHI, and to be registered in a private practice or other primary care facility that will be remunerated through capitation. The NHI will be the only game in town. Private insurance will not be proscribed, but will largely serve to provide top-up cover over and beyond the NHI benefits package. The private sector will continue to exist, but largely as a contractual partner to the NHI. The NHI would be a futile exercise if it left the current two-tier system intact.

That said, the road of no return to the NHI will be long and tortuous. First, the broken public system must be mended and the infrastructure upgraded. The planners must address the public fear of corruption and incompetence in the new system. NHI documents must be put in the public domain to allow an informed and transparent debate.

Marcia Angell, a former *New England Journal of Medicine* editor, summed it all up in an editorial in the *New York Times* of 13 October 2002: 'We live in a country that tolerates enormous disparities in income, material possessions and social privilege. That may be inevitable in a free-market economy. But those disparities should not extend to essential services like education, clean water and air and protection from crime, all of which we already acknowledge are public responsibilities. The same should be true for medical care, particularly since we can well afford to provide it for everyone if we end the waste and profiteering of our market-based system.'

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