

The implementation of the NHI will be a bad idea!

Risks and pitfalls and negative
impact on private healthcare.

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The implementation of the National Health Insurance in South Africa is a noble attempt to address the inequities and scarcities of healthcare resources in the country. Its success is threatened by corruption, mismanagement of resources and poor-quality institutions.

It is not about the 'ifs' and 'buts' but the realities of implementation, both positive and negative.

Ethical Considerations

- Enforcing community service for doctors, increasing the number of doctors in underserved areas , is that right?
- ‘Certificate of need’ requirement, is that right?
- A worsening burden of already shortage of key human resources.
- Legislation alone cannot combat poor management, underfunding and deteriorating infrastructure, which together result in underperforming institutions.

Criticisms of universal healthcare

Universal healthcare essentially removes competition in the public sector, a disadvantage of which is that it can stifle innovation.

The financial incentive to arrive at a breakthrough product, or develop a particularly good rapport with patients, drives growth and promotes quality.

Criticisms of universal healthcare

Stagnation in the development of biotechnology and pharmaceuticals, and poor quality of care by doctors struggling to attend to large numbers of patients, could result under a system of universal healthcare.

In addition, waiting times may be longer, particularly for specialist diagnostics such as MRI scans, which is already a problem in the public health system.

Criticisms of universal healthcare

Arguably, one of the greatest obstacles to the implementation of universal medical coverage is that it is under government control – and therefore requires that government enjoys the confidence of the public. Corruption, bloated bureaucracies and the inability to handle social programs, are issues faced by many governments, but could be a particular barrier to public acceptance of NHI in South Africa, given our institutions' track record of scandal, bribery and mismanagement.

Criticisms of universal healthcare

- When questioning how South Africa might fare under National Health Insurance, it may be useful to examine, and learn from, international experience:

Principal fund holders at the NHS (known as Primary Care Trusts in the UK) use a commissioning system, allocating funds to practitioners via a capitation system. As practitioners are required to 'break even' by seeing a certain number of patients daily, this approach could affect the quality of care as doctors are forced to act as accountants and ration already limited resources, causing some patients not to get the necessary care, and diluting the effectiveness of the system.

Criticisms of universal healthcare

This is a possible weakness of the NHS, especially considering that, for a system that theoretically should always break even, overspending results in enormous annual deficits. If this is a concern for a developed country(UK) with a third of South Africa's unemployment rate (7.7% as at April 2011), and without South Africa's levels of corruption, then it is not unreasonable to assume we will have the same issues, probably on an even greater scale.

South-African picture:

Health expenditure and financing

- South Africa has been termed a middle-income country based on GDP for a population of around 50 million.
- The World Health Organization has recommended that countries spend at least 5% of their total GDP on healthcare each year; South Africa already spends 8.3% on health, which is well above the majority of middle-income countries.
- Of the 8.3% of GDP, 4.2% is already spent on the public sector, which supports 84% of the population (42 million individuals). This means that the remainder (4.1%) is spent on the private sector. In South Africa, healthcare is financed in three ways. The public sector is funded by the State, while **the private sector generates funding through medical schemes and out-of-pocket spending.**

Problems in implementing the NHI

The proposed NHI, while being an idealistic proposition, has many challenges to overcome that are specific to the South African situation:

- **The first of these issues is corruption:**

The second challenge is healthcare resource availability. The small number of medical personnel and healthcare professionals.

Problems in implementing the NHI

- Financing is another issue. Funding may come from (yet more) taxation. This alone may not be enough, and other approaches be considered.
- The current problems faced by the healthcare system are vast, and ***the public sector is funded by the State, while the private sector generates funding through medical schemes and out-of-pocket spending.***

Problems in implementing the NHI

- NHI, must address these concerns and the many other problems within the healthcare system if NHI is to function adequately – problems such as corruption, cleanliness, safety and security, long waiting times, staff attitudes, infection control and drug stock-outs result in the current public healthcare system being unsustainable and resource limited.

FINALLY

- How can government ensure good value for money?
- The private sector are already overloaded
- Income tax generated by the private sector will drop and will eventually lead to job losses.
- Clearly NHI will still have to walk a long path before it can be satisfactorily implemented, if at all!