NHI MODEL, RELATIONSHIP TO FINANCE AND ITS EFFECTS ON PUBLIC AND PRIVATE MEDICAL PRACTITIONERS

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CONTENT OF HEALTH FINANCING SYSTEMS

Classifications or models

- “National Health System” (Beveridge)
- “Social Health Insurance System” (Bismarck)
- “National Health Insurance” (Hybrids)

Functions and policies

- Collection
- Pooling
- Purchasing
- Benefits and rationing

**German citizens** are not *more insured* than **British citizens** just because they call their system “insurance”

• Understand **systems** (and reform options) in terms of **functions**, not labels or models
Towards universal coverage

“Towards UHC”: direction in which to move your system

UHC is about objectives, not instruments

UHC objectives matter at level of system, not schemes

UHC doesn’t mean everything for everyone

Every country can do something to move towards UHC
Health financing within the overall health system

CONCEPTUAL APPROACH ON HEALTH FINANCING
STRATEGIES THAT PROMOTE PROGRESS TOWARDS UHC

UHC intermediate objectives
- Equity in resource distribution
- Efficiency
- Transparency and accountability

Final coverage objectives
- Utilization Need
- Quality
- Universal financial protection

Wider context/extra-sectoral factors (SDH)

Kutzin, 2013 (WHO)
CONCEPTUAL FRAMEWORK FOR ANALYSIS:
PILLARS FOR MOVING FROM CONCEPTS TO POLICY DESIGN

- Starting point, direction, and reality check
- Where are we starting from?
- Where should we go?
- What kind of vehicle can we afford to get us there? How far and how fast?

Health financing policy analysis and viable options for reform

Kutzin, 2013 (WHO)
1ST PILLAR: MOVING FROM CONCEPTS TO POLICY DESIGN

Where are we starting from?

Health financing policy analysis and viable options for reform

Starting point, direction, and reality check

Descriptive framework

Policy objectives

Fiscal context
PROFILE OF SA

- Population over 55 million (>60% urban)
- Middle-income (2014) : GDP = $349 billion
- Total expenditure on health pc (2013): $ 1 121
- Total expenditure on health % GDP (2013): 8.93
- Life expectancy 60.6/64.3 years (Midyear Population Estimates 2015, StatsSA)
- High inequality (Gini-coefficient) = 0.69
49% of THE

Salaries; historical budgets; budget deficits

PRIVATE

49% of THE

Fee for Service
CONSEQUENCES OF FRAGMENTATION: INEQUITY IN DISTRIBUTION OF BENEFITS

Source: Ataguba & McIntyre (2009)
Fiscal context

2nd PILLAR: MOVING FROM CONCEPTS TO POLICY DESIGN

Descriptive framework

Policy objectives

Health financing policy analysis and viable options for reform

Starting point, direction, and reality check

Where should we go?
National Development Plan (NDP) 2030 envisions a health system that works for everyone and produces positive health outcomes, and is accessible to all.

NDP Vision says that by 2030 South Africa should have:

- Raised the life expectancy of South Africans to at least 70 years;
- Produced a generation of under-20s that is largely free of HIV;
- Reduced the burden of disease;
- Achieved an infant mortality rate of less than 20 deaths per thousand live births,
  - including an under-5 mortality rate of less than 30 per thousand;
- Achieved a significant shift in equity, efficiency and quality of health service provision;
- Achieved universal coverage;
- Significantly reduced the social determinants of disease and adverse environmental factors.
WHAT WILL NHI MEAN FOR SOUTH AFRICA

• National Health Insurance (NHI) as a financing mechanism that will move us towards universal health coverage (UHC)

• NHI is aimed at ensuring that:
  – **all South Africans** have access to quality health care irrespective of their socio-economic status
    • From each according to ability to each according to need
  – health services are delivered equitably
  – the population does not pay for accessing health services at the point of use
  – the population has financial risk protection against catastrophic health expenditure
NATIONAL HEALTH INSURANCE

QUALITY HEALTH ASSURANCE: FROM CRADLE TO GRAVE
GUIDING PRINCIPLES FOR NHI

- Health as a Human Right and Universalism
- Social Solidarity
- Equity
- Public Good
- Affordability
- Efficiency
- Effectiveness
- Appropriateness
The Equity And Solidarity Principles In Pooling Finances And Risks

National Health Insurance

- Contribution according to income
  - rich
  - poor

- Solidarity principle
  - Benefit according to need
    - Healthy young childless
    - ill old families

Healthy young childless → ill old families
POPULATION COVERAGE

• NHI will establish entitlements and obligations for the population
  – **Entitlements**: services available to covered population
  – **Obligations**: responsibilities to be met by the covered persons in order to obtain the benefits (e.g. referral, other rules governing rationing of use of health services)
### PHC SERVICE COVERAGE

- Maternal, women and child services
- Reproductive health and rights
- HIV/ AIDS and TB services
- Chronic Non-Communicable Disease services
- Violence and Injuries
- Nutritional services
- Mental Health services

- Oral Health services
- School Health services
- Rehabilitation services
- Optometry
- Basic curative services
- Emergency medical services
- Clinical support services including basic diagnostic services such as radiology and pathology
HOSPITAL SERVICE COVERAGE

- Emergency Medicine
- Internal Medicine
- Family Medicine
- Psychiatry
- Obstetrics and Gynaecology
- Paediatrics and neonatology
- Surgery

- Anaesthesia
- Urology
- Orthopaedics
- Oncology
- Ophthalmology
- Radiology
- Pathology
- All sub-specialities
- etc.
PURCHASING OF HEALTH CARE SERVICES

• Public and private health care providers will be accredited according to clearly stipulated criteria;

• PHC: GPs working in multidisciplinary teams, clinics;

• In-patient care at all levels of care through appropriately accredited and contracted public and private facilities
ACTIVE PURCHASING HEALTH CARE SERVICES

• Ensuring that all personal health services are free at the point of care and that the population is guaranteed financial risk protection at all times

• Giving incentives to providers for performance on efficiency and quality

• Gate keeping at primary, and higher levels of care will be implemented-
  • Upward and downward referral system
  • Leverage economies of scale and use purchasing power to ensure affordability and long-term sustainability
  • Centralised procurement of key resources
OBJECTIVES OF STRATEGIC AND ACTIVE PURCHASING

Assesses population needs for health services
- Ensures that the required services are available through purchasing these services from providers that deliver efficient, accessible, high quality services

Effective Health service Provision
- Provided and described in terms of the types of services to be provided at each level of care using clinical guidelines, protocols and formularies

Information on Service Coverage
- Includes personnel, equipment and other resources required to deliver types of services and guidance on referral mechanisms

Service Benefits updates and refinement
- On an on-going basis taking into account the epidemiological and demographic profiles of the population through the Benefits Advisory Committee

Allocative efficiency
- Prioritizing a cost-effective mix of services

Financial protection
- Prioritizing mix of service and cost coverage that is likely to protect people against catastrophic risk

Other efficiency dimensions
- Promoting efficient use of the health system
3rd Pillar: Moving from Concepts to Policy Design

Health financing policy analysis and viable options for reform

Descriptive framework
Policy objectives
Starting point, direction, and reality check

What kind of vehicle can we afford to get us there? How far and how fast?
Health care

Stewardship of financing and provision (governance, regulation, information)

Collection of funds

Provision of services

Purchasing of services

Pooling of funds

Allocation mechanisms (provider payment)

Allocation mechanisms

Allocation mechanisms

Financial Risk Protection

Prepayment
Taxes/ Contributions

Social solidarity and cross-subsidisation

Economies of scale and efficiencies

Single Payor / purchaser

Single Pool for Income and Risk

Covered Population

Stewardship of financing and provision (governance, regulation, information)
WHO National Health Accounts dataset (2009 data)
WHO National Health Accounts dataset (2009 data) – not quite!!!
NHI AS A % OF GDP

% of GDP

2009 2014 2019 2024

% of GDP
POOLING UNDER NHI

- Creation of a single publicly owned and publicly administered fund to pool funds on behalf of the entire population
- Reform of budgeting and allocation processes
- Single purchasing mechanism that will strategically purchase health services from contracted public and private providers

NHI will NOT fragment the pool: Bigger is better!
ENVISAGED NHI ARCHITECTURE / VEHICLE

MINISTRY OF HEALTH

Stewardship
(Policy & Regulation)

PROVIDERS
(Public & Private)

PROVIDERS
(Public & Private)

Provider Payment and
Credentialing

Provide Clinical and non-
clinical data

Utilization of services

Purchaser
(NHIF)

Taxes and Contributions

Access to quality
Comprehensive
Health Service
Entitlements and
Financial Risk
Protection

SA Citizens and
Legal Residents

Provision of quality services

Provision of quality services
The OHSC and Linkages to the NHI Fund

Specific criteria for Contracting:

- Licensing by Statutory Council
- Certification by OHSC
- Ability to provide a range of services that are specified for each level of care;
- Having the appropriate number and mix of health care professionals to deliver the specified services;
- Adherence to treatment protocols and guidelines, including prescribing from the NHIF formulary;
- Initiating care at the primary care level and adherence to referral pathways;
- Submission of routine information required for performance monitoring; and
- Adherence to the pricing regimen for services delivered.
Policy Consideration on Provider Payment

Accreditation of Public and Private Providers

- Role of OHSC
- Role of the NHI Fund

Primary Care Level Providers Reimbursed Using a Risk-Adjusted Capitation System

- Determination of capitation formula
- Annual capitation amount linked to target utilization and cost levels
- Addressing Equity issues
- The role and determination of P4P and performance-based reimbursement

Accredited Pharmacists

- Essential Drug List (EDL)
- Role of the Central Procurement Agency (CPA)
- Pharmaceutical Coding Schema

At Hospital Level, Gradual Migration Towards Diagnosis Related Groups (DRGs)

- Contracted facilities reimbursed using global budgets in the initial phases
- Phasing out of global budgets
- Case-based reimbursement
- Coding Schema
NATIONAL HEALTH INSURANCE
QUALITY HEALTH ASSURANCE: FROM CRADLE TO GRAVE

CONCLUSION

NHI means you will receive healthcare for FREE at the time you require it.

NHI will encourage the expansion of primary healthcare services.

NHI will create fairness in the sharing of skilled health professionals, healthcare finance and other resources. NHI will keep the cost of healthcare reasonable.

Through NHI, the government aims to achieve a healthier nation, where people live longer and suffer less illness.