

Percept NHI Policy Brief Series:

Quantifying Need

It is important to understand how resources are allocated in the current public health system, what informs these decisions, and how this might change under the NHI. A strategic purchaser of national healthcare would have to decide how best to divide available funds so that South Africans' needs are met, and the most vulnerable are protected. But in order to properly match health spending to people's needs, those needs must be properly quantified. Collecting the right information is an important part of preparing for the NHI: we need trustworthy information about who is accessing health services and why, as well as about health risks at a community and a national level.

Demand vs. Need

Properly understanding public health needs is critical to designing an effective health system. **Demand** reflects the types of services that people are using and asking for when they visit a clinic, hospital or health provider. Because not everyone visits a health provider when they feel unwell or are due for a check-up, the care that people actually access (*demand*) may not be a good reflection of what they really **need** or of the type of illness they are suffering from. People can under-estimate their needs, but they can also over-estimate them (for example, going to visit a specialist when visiting a nurse would suffice). **Need** is therefore about trying to understand the health risks and concerns of the wider population, not just those who attend health facilities.

An example: In the NiDS survey, 10.7% of men and 20.7% of women reported having high blood pressure. But objectively measured high blood pressure was higher, and approximately the same for both sexes, in the NiDS and SANHANES surveys. **So, both men and women seem to under-report** having high blood pressure, but men do this far more often. This tells us that men may be less likely to be screened for high blood pressure, and/or less likely to disclose it. Having this information encourages the health system to prioritise men for high blood pressure screening and prevent them from developing more serious illness.

In the public sector, people usually demand less healthcare than they need. Many are put off by slow or unhelpful service in clinics and hospitals. People who are most vulnerable also tend to under-estimate their own health needs, due to a range of socio-economic factors. **In the private sector, people tend to demand more healthcare than they need.** This is partly because care is easy to access

with fairly lax rules governing how patients navigate the system. People's own ideas about what care is required also motivate them to access more services and the often out-of-pocket payment environment means that people can pay for more or unnecessary healthcare services, if they so wish. Providers may not discourage unnecessary services due to the incentives that a fee-for-service environment creates.

Decisions about which health services to offer should not only be based on people's needs and demands, but also on how to get the most value at the lowest price and sustain care over time. The **public** health sector makes decisions about which services to offer based on how best to stretch available resources. Its focus is largely on primary healthcare that will prevent people from needing more specialised and expensive care later down the line. Only recently has government started to re-think which services should be available at which levels of care. This means that the current set of services may not be in touch with current needs. **Private** medical schemes are required by regulation to cover certain chronic diseases and in-hospital services so that all their customers have protection from major health events. This package is also under review. The ways in which the two sectors purchase care are not aligned.

How does the public sector allocate resources?

Whether or not provincial departments of health and districts receive suitable funds depends entirely on their ability to understand and communicate the needs of their population. Because there is not enough information for provincial health departments to know these needs, they rely on historical patterns of spending. These past budgets are usually based on the resources that were available at the time, rather than what the population's needs were, or what they might be now.

The NHI Fund wants to change the way we allocate funding, moving towards a system that pays more attention to need. Once the NHI decides on a way of measuring need, they might also discover that they cannot afford to fund all the needs in full. At this point, decisions will have to be made about which needs are most important and what spending is likely to give the most value for money.



What is preventing us from knowing true need now?

Challenges with public data

The public health system **does not collect *individual-level* information**. Only TB and HIV information is recorded on a per-person basis.

To assess health needs, the public health system **relies on cause of death records**. What people die of is not always a reflection of the burden of illness they had to live with, and the burden of care on the health system. Many people are living with more than one long-term illness, which dramatically shapes their health needs.

Challenges with private data

Private medical schemes collect a lot of detailed information, but only for services accessed through their schemes. Because preventative care (including check-ups) is not often covered, these needs go unrecorded. More so, information is not shared across medical schemes. This makes it **impossible to get a good picture of needs across the private sector**. The data tends to be claims-related as opposed to clinical in nature.



What information should be collected?

To accurately estimate need, providers will need to report on an individual basis on the following:

- Demographic data;
- Clinical data (for example capturing diagnoses and patient outcomes); and
- Treatments given including goods and services (e.g. medicines).

There is a risk that health providers will not be motivated to collect individual patient information, because they are paid on a capitation (per head) or global fee basis, making the level of detail unnecessary from a reimbursement point of view. Therefore, the Fund needs to build in adequate controls and incentives for accurate reporting and one way to do this is to link the information to reimbursement, i.e. use quality of care as a metric for reimbursement, which cannot be ascertained without individual-level data.

Recommendations

Create a strong information and management system, capturing individual-level health records, including preventative care. Training and provider workflow are important considerations.

Collaborate with health providers in deciding what information should be collected and how to record it.

Both public and private sectors need better population health information to match available funds to people's needs. Getting this right would help target population health risks and prevent more serious illness.

It will take time for spending to be more closely aligned with need - requiring both data and provider capacity to meet need. Recognising that **spending on the basis of needs** may not always be affordable, decisions must be made about which needs to prioritise.

Cost healthcare based on good evidence, ensuring that providers are properly paid and care remains of high quality.

