Percept NHI Policy Brief Series:

Balancing affordability, quality and accountability

This final brief discusses major risks connected to the NHI and offers suggestions for how these risks might be lessened over time. In doing so, it highlights critical issues that the Fund will have to seek to get right in order to win the trust and support of healthcare providers and South Africans more broadly. Trust is especially important: South Africans need to feel that their health benefits are improved by the NHI; and health providers need to feel that their payment is fair.

Big risks

The NHI proposes that there will be one large buyer of healthcare (**a single purchaser**). This approach to the health system comes with at least three major risks, all of which are regularly voiced in public discourse on the NHI :

The risk that nothing will improve: centralisation and weak capacity

A single purchaser system centralises the role of financially managing healthcare. Given the scale of the health system, this may make it difficult for the Fund to regularly adapt and improve its systems, or to respond to new, or community-specific, health needs as they arise. Because of this, many countries are headed in the opposite direction: towards a more decentralised approach, in which those who manage funds are closer to the ground, and therefore more in touch with the needs of the health providers and communities they serve. By setting up Contracting Units for Primary Healthcare, the NHI aims to incorporate some of this thinking. These units will be closer to communities and will be responsible for selecting which providers to contract with, based on the needs of their particular populations.

Corruption

South Africa has experienced high levels of corruption, and healthcare has not been spared. In theory, the Fund will hold, and be responsible for, all the country's healthcare funding. This opens up significant risk for large-scale corruption, which would be devastating for South Africans, whose essential healthcare resources are at stake. Because the Minister will be responsible both for the health system itself and for the Fund, he/she may not have enough distance to safeguard NHI

finances – ministerial appointments amplify this risk. A clear separation of powers between the Minister and the accounting officer will need to be enforced in order to help prevent corruption.

Fewer resources for healthcare delivery

The NHI Fund will involve enormous administrative and running costs, far beyond the Department of Health's current operational expenses. Since the public budget is already limited, shifting money away from actual healthcare delivery, in order to cover administration costs, is a serious threat, both to healthcare providers and South Africans more broadly.

Stepping-stones to limiting the 'big risks'

NHI policy papers speak about the rollout of the NHI taking place over three phases.

Phase 1 (2012-2017)	Testing phase for health systems strengthening
Phase 2 (2017-2022) *Current phase*	• Supporting laws to be developed • Foundations of the Fund to be set up • New purchasing systems to be tested with vulnerable groups (women, children, the disabled).
Phase 3 (2022-2026)	• Services are purchased from providers (the Bill describes "selective contracting of services from private providers"). • Money may start to be collected from taxpayers (e.g. premium or contribution collection from salaried employees).

There are real questions about whether the NHI rollout period will take longer than the drafters of the Bill imagine. Measurable milestones would be more appropriate than timelines. Final timelines aside, it is possible for the health system to start preparing for the NHI by taking the following steps:

Strengthen (public and private) purchasing systems now

This could include improving information systems, clinical coding, health technology assessment, and accreditation. Standard professional rules could start to be applied across the public and private sectors, and different ways of contracting providers could be tested.

Support innovation in service delivery

The current budget system makes it difficult for public service providers to experiment with new and better ways of working, or to adapt to health needs as they arise. Room should be made for this type of testing and learning even before implementation.

Show quality improvement

Health providers that contract to the NHI Fund will need to be accredited to make sure they meet minimum quality standards. This is important for ensuring quality, but there are worries that, in some parts of the country, accreditation standards could limit people's access to healthcare, by bringing the number of available health providers down. Before the NHI is implemented, the quality of healthcare providers could be strengthened, demonstrating a quality-improvement capability.

Put resources where they are needed

Currently, health budgets are not set up to properly match clients' needs. The health sector could take steps to improve its budgeting systems, aligning them to what and where the needs are. Budgeting and contracting systems should be flexible enough that health providers can adapt to these needs, but they should also hold providers accountable to quality standards.

Build in bottom-up accountability

Under the current NHI design, there are few ways for healthcare providers, or the South African public, to hold The Fund (or its service) accountable. Providers cannot switch to different purchasers, and (since there are no fees) clients cannot withhold payments from providers. They also cannot choose to switch or bypass providers if they are unhappy with their service. This type of bottom-up accountability must be built into the system from the start. One option is to allow people to change their main (primary) healthcare provider once per year, if they are unhappy with their service. This way, the money will follow the client and providers will be held accountable for poor service. Providers will need meaningful forums and mechanisms to voice their concerns. The Fund should be publicly evaluated for both provider and client experience.

Be willing to compete

Earlier designs of the NHI built suggested using multiple healthcare purchasers, some from the existing medical schemes environment. However, since 2011, draft papers have defined the NHI as

a single purchaser system. This means people cannot opt for a better-performing purchaser, and the NHI loses out on the benefits of competition (which could improve quality, efficiency and accountability). In a multiple purchaser system, the Fund would also compete for providers, motivating them to build trust and credibility with providers in order to win their services. Despite it being very late in the NHI design phase, it is still possible to think about and decide on a multi-purchaser system.

Invest in people now

 A properly staffed healthcare system is essential to the NHI's success. South Africa faces severe shortages of health workers, including doctors (GPs), specialists, nurses and dentists. Planning can start now to ensure that there are enough health workers available, in the right fields, by the time the NHI is rolled out. Much needs to be done to improve public-sector working conditions, to make sure trained health workers are employed, to strengthen task-sharing and the role of mid-level health workers, and to improve the ability to work across both the public and private sectors.

Conclusion

Most people would agree that South Africans deserve access to high-quality health services that are in good supply and well matched to their needs. At the moment, this is not the case, which is why there is political commitment to move away from the current system. But there is still a lot of uncertainty about whether the NHI will help achieve quality healthcare for all. We can take active steps now, within our existing health system, to prepare for the NHI and lessen its risks. If we don't build trust and accountability, health providers will not support the NHI and taxpayers will not use it. Without this, it cannot succeed.