



## Budget: Focus on NHI

27.02.2013 Anso Thom

**Government's National Health Insurance (NHI) rollout, specifically to the 10 provincial pilot sites, was the focus of finance minister Pravin Gordhan's budget speech. However, while commentators welcomed the renewed focus on NHI, they wanted to hear more on rooting out failures and corruption within the health system.**

Health has been allocated a budget of R133.6-billion in the Budget - R48.8-bn for district, R26.4bn for provincial, and R18.9bn for central health services.

The focus on NHI was welcomed, but critics had a number of prescriptions, which they believed should be administered to South Africa's struggling state health system.

Gordhan confirmed that the NHI pilots would include improvements to health facilities, contracting with general practitioners and financial management reforms.

He also announced a new conditional grant, which will enable the national Department of Health to play a greater role in coordinating these reforms.

"The initial phase of NHI development will not place new revenue demands on the fiscus. Over the longer term, however, it is anticipated that a tax increase will be needed," said Gordhan, correcting himself and saying it "might" be needed.

He said a discussion paper inviting public comment on various NHI options would be published this year.

Gordhan confirmed that health infrastructure remained a priority with a total of 1 967 health facilities and 49 nursing colleges in different stages of planning, construction and refurbishment. Around R10-billion has been earmarked for infrastructure.

He acknowledged the progress made in reducing mortality and improving the HIV and TB programmes, and an expansion in medical and nurse training capacity was under way.

Provinces will also be funded for an expansion in HIV and AIDS programmes and an improved TB diagnosis system.

Vuyiseka Dubula, Treatment Action Campaign General Secretary welcomed the budget, but cautioned that to build public confidence in the NHI there had to be an improvement in health services or the public will lose confidence in the reform.

"We need to continually assess the pilot sites and what they are achieving – together with civil society and patient groups involved in monitoring the expenditure and delivery at the NHI pilot sites at provincial level," said Dubula.

She called for an undertaking to root out corruption, but in a manner that moved beyond rhetoric and became visible in terms of action taken.

“We have seen how provinces like the Eastern Cape and Gauteng have been affected by interruptions in service delivery which led to extensive drug stock outs in HIV and other diseases, even in districts piloting the NHI.”

Sasha Stevenson, attorney at SECTION27 welcomed the introduction of the new conditional grant, as it would enable the national Department of Health to play a greater role in coordinating the reforms involved in the piloting of NHI.

She called for the release of the NHI funding discussion document.

University of the Witwatersrand Chair of Social Security, Professor Alex van den Heever was more critical of the speech for its failure to “provide any coherent strategy to address deep systemic flaws within the public and private health systems. There has been no legislative reform of any relevance since 2003, a full decade ago.

“The provinces are in chaos, with systemic fiscal deficits and gross mismanagement despite a 58% real budget increase since 2006.

“The NHI pilots, offered up as some panacea, appear haphazardly implemented with no clear goals or auditable outcomes. Effective and relevant policy development and implementation appears to be at a standstill with no coherent vision presented for the future. The NHI remains as little more than a black box bearing no relevance to the current state of the health system,” said Van den Heever.

Professor Laetitia Rispel, head of the Wits School of Public Health said a problem with budget speeches was that they do not comment or report on the promises or targets set in the previous year.

She said that although there has been lots of hearsay about the central hospitals and whether they will be ‘taken over’ by the national Department of Health, there is nothing in the speech.

Rispel said it was encouraging that Gordhan devoted a substantial part of his speech to procurement and combatting corruption - both acknowledging that there is a problem, and highlighting what they plan to do about it.

Associate Professor Susan Cleary of the University of Cape Town’s Health Economics Unit said NHI provided an opportunity to do things differently including an opportunity to reform governance, management and accountability arrangements.

“While this may not take a large amount of money in comparison to the total health budget, the success of NHI depends on getting these aspects right,” she said.

Gordhan came under fire for his moderate increase in excise duties on tobacco.

He announced increases on alcohol and tobacco products of between 5.7 and 10 per cent.

This translates into a 7,5c increase in a 340 ml can of beer and a 15c increase per 750 ml bottle of wine.

The excise on cigarettes increased with 60c to R10.92 for a pack of 20.

Peter Ucko, Director of the National Council Against Smoking, said excise was controlled by the tobacco industry as they controlled the retail price.

“Tax is 52% of retail price. This is bad news for health. Tobacco product excise must be calculated on a system which will be higher than inflation and make tobacco products progressively less affordable,” he said.

Ucko urged Gordhan to “take control of the process”.

“The finance minister just announces the excise duties every year. The tobacco industry controls it. If the minister introduces a new system that will make tobacco products less affordable every year he will both increase government revenues and save lives. More people will quit. More children will decide to never start smoking,” said Ucko.