National Health Insurance Implementation

Some thoughts about roll-out

27 May 2022

How will the money flow?

- From taxes to the fiscus paid in the budget
- Option to add from income-related payroll tax (similar to present medical aids)*
  - Employee portion
  - Employer portion
- Other sources
- Single pool of funds
  - Smooth cash flow (in and out)
  - Not-for-profit (no surplus)
  - Defined minimum daily balance
- Paid to service providers
  - PHC capitation
  - Other care based on global payment (episode-based payment)
- There will still be Provincial Equitable Share allocations for assigned functions

*NOTE: It is envisaged that there will still be private medical schemes for some time. There will be continuous engagement with all stake-holders to find workable solutions and to ensure smooth transitions.

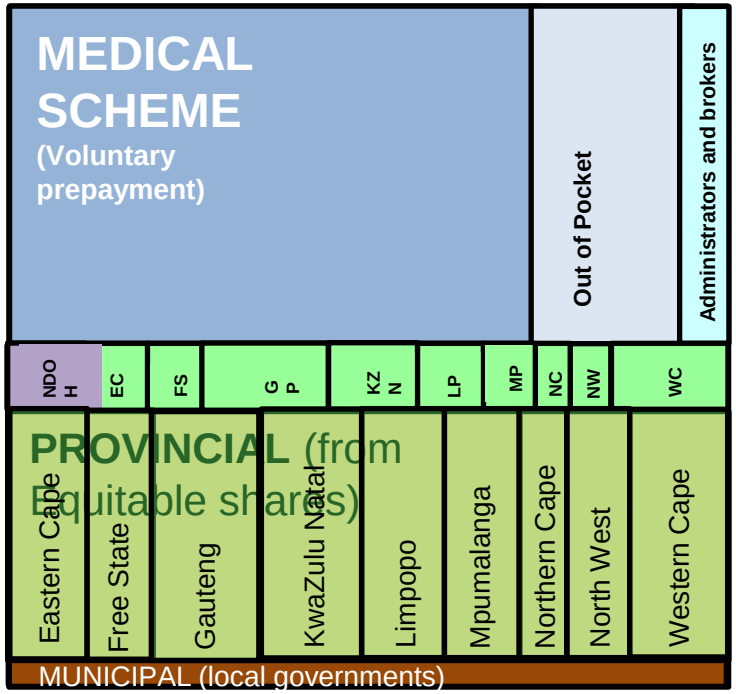
Changing Fund Flows over time -Macro

- The next slide is an animated diagrammatic illustration of the changes in funding that can be expected over the next 6 to 10 years:
  - No 'new' money in the country's health system
  - PHASE 2: **Public sector shifts** of funds to follow function shifts
    - Provincial government fund shifts to NHI Fund for PHC capitation, CUPs and 'global fee' payments which they will claim back on output based billing
    - Provincial governments receive reduced budgeted funds from PES for non-personal services and 'baseline' hospital administration only
    - Provincial governments no longer receive CGs - National government (Central Hospitals) and the remainder consolidated in NHI Fund
  - PHASE 3: **Private sector shifts** as formally employed people pay compulsory contributions
    - NHI will cover all service needs except interventions that do not improve health or are too inefficient/ineffective
    - Far fewer people will choose to insure privately no matter what (few may pay both private and compulsory NHI contributions)
    - Individual contributions pooled in massive pool means lower individual contributions
  - Savings from reducing duplicative arrangements

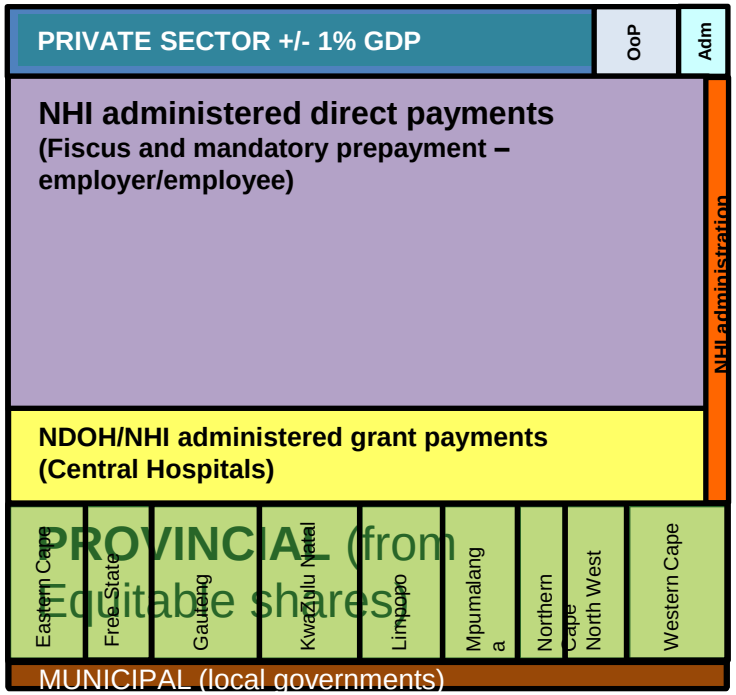
HEALTH SPENDING BY SOURCE – NHI IMPLICATIONS

How to monitor and manage the transition?

Health spending 2021



Health spending 2027



Step 1: Immediate (2022/23 FY)

Establish the **operational and administrative capacity** to do all of the work of the NHI Fund (**except the 'Fund' itself**) - must not wait

- Design (functions, skills, nucleus)
  - Intergovernmental cohesion
- Proclaim (sufficient autonomy – NDOH, DPSA, Treasury)
  - Create a Branch in NDOH (approved by MPSA)(add R41m)
  - National Government Component (NGC)(Exec Authority is Minister) (possible s7A transitional structure)
- Create
  - Second, transfer, recruit core personnel (existing capacity has already been identified, next step to source skilled people to gaps)
  - Accommodation, tools of the trade
  - Existing NDOH budget reprioritisation and realign CGs
- Draft Regulations and SoPs and prepare systems
  - Integrated CUPs proof of Concept

Step 2: Intermediate (2022/23 to 2024/25)

- Realignment & Systems Strengthening, proof of concepts
  - Function shifts and budget realignments (IGR)
    - NDOH vs NIHF
    - Central Hospitals
    - Districts (DHMO, CUPs)
  1. User Registration, Provider Accreditation, Management & Payment Design
  2. Health Care Benefits Design & Pricing
  3. Health Products Procurement
  4. Health Digital Systems
  5. Risk & Fraud Management
  6. NHI Fund (Treasury)
  7. Corporate Services (Operations) and Finances
  - Compliance & Quality Improvement (OHSC link and NHQIP)
    - Private sector
    - Public Sector
    - Infrastructure & Technology maintenance and capacity

Step 3: Consolidate: (April 2025 and beyond)

- User platform integrated (Common portable patient record)
- Service Provider Accreditation & Management extended
- Provider Payment Refined (capitation and DRGs)
- Health Care Benefits implemented and extended
  - Medical schemes largely redundant once major benefits in place
  - Regulate top-up insurance
- Health Products Procurement improved
- Risk & Fraud Management strengthened
- Health Digital Systems strengthened
- Compliance & Quality Improvement extended

THANK YOU

ngiyathokoza!

ro livhuwa!

dankie!

ke a leboga!

enkosi!

thank you!

ndo livhuwa!

inkomu!

ke a leboha!

ngiyabonga!

siyabonga!