

COSATU Submission:

National Health Insurance Bill

Portfolio Committee:
Health

National Assembly

15/02/2022



Introduction

- COSATU has nearly 2 million members across all economic sectors.
- COSATU welcomes the NHI Bill as progressive, necessary & a decisive response to COSATU's call for affordable & quality healthcare for all & urges its speedy passage by Parliament.
- It will help provide quality health care to over 50 million struggling South Africans, ease the burden on 8 million workers battling to pay exorbitant medical premiums & address legacies of apartheid inequalities

Background & Context

- South Africa's health care systems' financing arrangements, management & ability to deliver quality health care services need to be fixed.
- Public health care is dysfunctional & poor quality.
- Access to quality health care is dependent on location, race, employment, income, gender.
- Unequal distribution of health expenditure & deteriorating state of public health care necessitates an NHI.
- Health Market Inquiry confirms the inequalities of our health care systems & the inherent flaws of commercialising health care.

Background & Context

- We must show courage to make resources available, develop institutions & technical capacity to confront our concurrent epidemics, e.g. poverty-related illnesses, infectious diseases (HIV/AIDS & TB), maternal & child deaths, noncommunicable diseases, violence & injuries.
- COSATU has long championed an NHI to resolve our health inequalities.
- Don't believe the doom & gloom projections driven by the vested interests of the health care industry's excessive profits & greed.

Background & Context

- Public health sector faces challenges of poor quality & inequitable access to health services.
- Public health care crises include poor governance, inadequate management capacity & administrative systems, inequitable funding, human resource shortages, inadequate & poorly maintained infrastructure & equipment; fragmented information systems & wastage.
- Private sector is marked by unaffordable prices, maldistribution of providers & facilities, over-servicing, perverse incentives & lack of accountability.

Purpose & Application of the Act

- COSATU supports purpose & application of Act which seeks to ensure equitable & fair distribution & use of health care services.

COSATU's Proposed Amendment:

- Purpose of the act should be strengthened to include Primary Health Care which is the foundation of the NHI & at the heart of its financial sustainability & success in relation to health outcomes.
- Bringing health care as close as possible to where people live & work constitutes the foundation for an inclusive health care system.

Access to Health Care Services: Population Coverage

- COSATU supports the Bill's scope providing for universal population coverage e.g. all persons legally resident in South Africa & emergency care for undocumented migrants.
- The correct balance must be achieved between the values of the Constitution, South African laws, international commitments & financial sustainability.

Access to Health Care Services: Rights of Users

- Section 27 of the Constitution states “Everyone has the right to have access to health care services, including reproductive health care”.
- COSATU supports the rights of users as provided in the Bill & Section 6(0) which distinguish between essential & luxury or cosmetic health care services.
- This will provide relief to workers who can not afford high premiums used to subsidise cosmetic & luxury services provided by medical aid schemes & subsequent annual above inflation increases.⁸

Access to Health Care Services:

Health Care Service Coverage

- COSATU supports provisions for health care service coverage which require a user to:
 - First access health care services at a primary health care level as the entry into the health system;
 - Adhere to referral pathways prescribed for health care service providers or health establishments; and
 - Is not entitled to health care services purchased by the Fund if he or she fails to adhere to prescribed referral pathways.

Access to Health Care Services:

Health Care Service Coverage

- COSATU welcomes reaffirmation of the PHC as a critical component of the NHI as it constitutes the foundation of the health system.
- PHC reengineering & building a strong District Health System is critical to re-orientate the South African health system away from presently dominant & financially unsustainable hospital-centric & curative health care.

National Health Insurance Fund: Establishment of the Fund

- COSATU supports establishment of NHI fund.
- NHI fund must be a single-fund to leverage monopsony power through strategic purchasing of services & contracting arrangements to save costs through economies of scale.

National Health Insurance Fund: Establishment of the Fund

- Whilst NHI Fund is to be fully functional during last phase of implementation process, unless government proactively plans ahead & begins process of implementation, serious delays could be encountered, undermining the NHI's credibility.
- NHI's establishment, its accompanying public entity, specialised technical skills & infrastructure will require adequate time to be built & fully functional.

National Health Insurance Fund: Functions of the Fund

- COSATU supports functions of the NHI in particular Section 10 (1) (g) stating that:
 - The fund must determine payment rates annually for health care service providers, health establishments & suppliers”
- This will help ensure NHI is not vulnerable to exorbitant prices & above inflation medical cost increases, & help ensure SA progressively realises right to access to quality health care through sustainable, equitable & efficient public funding to purchase health care services & products.

National Health Insurance Fund: Board of the Fund

- COSATU supports establishment of NHI board to protect NHI from unethical & unlawful practices.
- Bill provides for Board to have “appropriate technical expertise, skills, knowledge or experience in health care service financing, health economics, public health planning, monitoring & evaluation, law, actuarial sciences, information technology & communication”.

National Health Insurance Fund: Board of the Fund

- White Paper called for Board to “include expertise in health care financing, health economics, public health, health policy & planning, monitoring & evaluation, epidemiology, statistics, health law, labour, actuarial sciences, taxation, social security, information technology & communication”.
- Major contentious issue on the NHI is capability of state to manage NHI Fund & its protection from unethical & unlawful practices.

National Health Insurance Fund: Board of the Fund

- COSATU supports inclusion of organised labour in advisory committee established by Minister for Health e.g. Health Care Benefits Pricing Committee as well as Stakeholder Advisory Committee.

COSATU Proposal:

- COSATU calls for representation of labour & key stakeholders on the Board as provided for in NHI White Paper.

National Health Insurance Fund: Chief Executive Officer

- COSATU welcomes process to appoint CEO.
- Section 20 proposes two units tasked to combat corruption, e.g.:
 - Section 20(2)(e) states the CEO will be responsible to establish an investigating unit within the National Office of the Fund.
 - Section 20(3)(i) states the CEO must establish a risk and fraud prevention investigation unit too.

National Health Insurance Fund: Chief Executive Officer

- Bill is not clear on the difference in their functions.

COSATU Proposal:

- COSATU therefore proposes the deletion of section 20(3)(i) as it seems to be a duplication of the investigating unit.

The Roles of Department & Provinces

- COSATU supports provisions for the role of Provinces in the NHI Bill. This inclusion ensures job security in Provincial Departments of Health with the implementation of the NHI.
- COSATU believes in centrality of patients & health workers as a key foundation for the NHI.
- Centralisation of NHI Fund & procurement of health products must not cause job losses for workers currently performing these functions in Provinces. Workers displaced by centralisation must be absorbed in other areas of the NHI Fund.

The Roles of Medical Aid Schemes

- COSATU supports that under the NHI, medical schemes will only offer complementary services not covered by the Fund.
- Rampant medical aid increases erode workers' wages & their ability to care for their families.
- Right to health is compromised by requirement for large co-payments synonymous with medical aid schemes.
- High monthly payments for medical schemes do not sustain health needs of users for much of the year & exacerbate access to quality health care.

The Roles of Medical Aid Schemes

- This is a result of over-financing of private health sector.
- SA cannot achieve equal access to health care if finance is dominated by private sector.
- Private sector finance is not guided by the goals of social equity & increased access to health.
- This financing has made it difficult for the state to execute its Constitutional obligation to provide affordable health care.

Contracting Units for Primary Health Care & Role of Bargaining Council Clinics

- Section 37(1) provides for contracting units to manage the provision of primary health care services, e.g. prevention, promotion, curative, rehabilitative ambulatory, home based care & community care.
- Through trade union victories won in Bargaining Councils, workplace clinics have been established to provide accessible & quality primary health care for workers & their families.
- Bargaining Council clinics provide role models for PHC at workplaces & in communities.

Contracting Units for Primary Health Care & Role of Bargaining Council Clinics

- Bill calls for strengthening PHC & for a high quality & effective PHC service as the NHI's foundation.
- PHC services will be population oriented with extensive use of community based services in addition to PHC facilities.
- COSATU calls for Bargaining Council clinics be included in PHC facilities network provided for by NHI & coordinated through Contracting Units for Primary Health Care.
- Collective bargaining clinics can be integral part of district health services.

Financial Matters

COSATU believes that the NHI must be funded via:

- General revenue, taxes on high-earning self-employed individuals, payroll linked progressive contribution tax, tax on high earning individual taxpayers & contribution by employers.
- There must be no additional levies through VAT;
- There must be no co-payments as those who can afford to pay, will have via employee taxes.
- Tax subsidies to medical scheme members to end.
- NHI Fund must be publicly-funded & administered with no outsourcing of administration.

Financial Matters: General Taxation

- General national revenue to play key role in
- financing NHI.
- Additional funding mechanisms will be needed.
- Economic growth is critical to increasing revenue, especially with competing & pressing pressures.
- Tax net will need to be expanded & made more progressive & new taxes targeted at the wealthy.

Financial Matters: Payroll Taxes

- NHI requires mandatory enrolment & mandatory pre-payment arrangement.
- There must be a payroll tax levied on employers.
- Consideration on exemptions for some SMMEs is needed.
- Many employers are already contributing to their employees' premiums, a shift to a payroll tax should thus not impose an additional burden.
- It is in the interest of employers to invest in the health of their workers to boost productivity.

Financial Matters:

Surcharge on Taxable Income or NHI Tax

- COSATU proposes a progressive earmarked tax levied not only on wages of the wealthy but also income from financial assets & investments.
- This must be on a sliding scale to ensure equitable contribution & social solidarity. This has the benefit of being more broad-based as it would include many workers who currently do not have health insurance, wealthy individuals who are neither employees nor employers, & the self-employed in proportion to their ability to contribute.

Additional Sources of Income

- Wealth tax on inheritance & estate duties as well as luxury imports.
- Tax on currency transactions.
- Tax on financial transactions.

Conclusion

We conclude by reiterating COSATU's proposals to help strengthen NHI's design & lay a foundation of genuine people's health system:

- Including the distinguishing feature of the NHI, the PHC approach envisaged in the purpose of the Act. It is the NHI's anchor & at the heart of its financial sustainability & health outcomes.
- Broader representation of key stake holders on the Board is called for in NHI white paper. Bill must be amended to provide for this. This is key to protecting NHI from unethical & unlawful practices.

Conclusion

- Bill is not clear as on the differing functions of the two fraud & investigating units to be established by the CEO. COSATU thus proposes deletion of Section 20(3)(i) as it seems to be a duplication of the investigating unit within the NHI fund.
- Centralisation of Fund & health supplies procurement should not result in the loss of jobs of those workers currently performing this function in the Provinces. Workers displaced by centralisation must be absorbed in other functions of the NHI fund.

Conclusion

- COSATU calls for inclusion of Bargaining Council clinics in PHC facilities network. Bargaining Council clinics can be contracted by the Fund & integrate into PHC service delivery platform in support of making comprehensive promotive, preventive curative & rehabilitative services accessible to all & be coordinated through the Contracting Units for Primary Health Care.
- COSATU proposes additional sources of funding e.g. wealth taxes, taxes on financial transactions & on currency transactions.