HEALTH REFORM
Perspectives and Proposals

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Photo: Oupa Nkosi

At a time when South Africa has been ravaged by COVID-19 and fatal healthcare system failures, such as the extended closure of Charlotte Maxeke Johannesburg Academic Hospital, the need for health systems reform has never been more pressing. These events have re-invigorated public awareness of the great inadequacies of our health system.

However, health system reform efforts in South Africa appear to have stagnated. Following over a decade of discussion and debate, stakeholders are weary and do not trust each other's motives and opinions. This stagnation is fatal. South Africa's health system is under immense strain and its inequities are well known. Some people continue to receive insufficient care while others are over-serviced in the interests of profit. Health care workers are burning out. Uncertainty about changes that may never come is causing jitters in the middle class and impatience among those who cannot imagine a changed system leaving them worse off.

It is within this context that this research from SECTION27 and Concentric Alliance, bringing together diverse perspectives on health reform from stakeholders in government, private sector, civil society, and academia, has been conducted. SECTION27 and Concentric Alliance wanted to see what stakeholders in the health system (when they are away from the public eye) agree on, what they disagree on, and whether there is the possibility of bringing them closer together in the interests of fixing our broken health care system.

Spanning nearly a year of research, we interviewed 33 representatives from various health system building blocks and public policy makers, including national and provincial departments of health, health regulators, medical schemes, public and private health care workers, trade unions, private hospital groups, public health academia, health rights-focussed civil society, the pharmaceutical industry and government. We read submissions and statements on health system reform and National Health Insurance (NHI) from many other stakeholders.

We found that while there are some areas of profound disagreement, there are also areas of (sometimes surprising) agreement.

The participants **universally agree on the urgent need for health reform** and while there are many divergent views that have been shared, there is a welcome degree of alignment on many issues:

+ All the people we interviewed agree that **the foundation of a health system is the right to access health care services.**

Everyone agrees that there is a need for health system reform, in part to realise that right. Everyone agrees that there are governance, accountability and management issues that must be attended to urgently. Everyone agreed that there is a need for, and the possibility of, collaboration.

+ Many respondents agree on the need to **try different mechanisms** for harnessing private sector capacity to service the public sector and for establishing the systems to support more rational referral processes. Many agree that we need to monitor health outcomes and to orientate the health system to respond to those outcomes. Most respondents agree with the need to better regulate the private sector, including the pharmaceutical industry.

These areas of agreement give us somewhere to start: to take tangible steps towards health system reform on a foundation of consensus. Just starting could build the trust that will be needed to make further inroads.

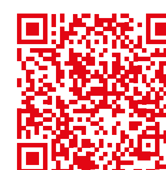
The areas of disagreement are less surprising:

+ the relegation of medical schemes to cover only complementary care;
+ how to produce and keep sufficient and appropriately qualified human resources for health;
+ how to establish the roles of national and provincial departments of health in relation to each other and to other structures; and
+ how to ensure appropriate governance of funds and facilities.

These are the difficult areas that may be holding up needed health system reform. Even within these areas of disagreement, however, there are glimmers of consensus, agreement on principles, and recognition of the need for change. **Subjecting some of the more wicked problems to a good faith consensus seeking process could help to move the needle.**

Recommendations from our research are divided into two paths for the way forward: Path 1 speaks to taking action on areas of agreement; and Path 2 requires going deeper into consensus seeking to guide the way forward on areas of disagreement. Taking action on areas where there is already consensus would need to be a government-led and funded process, in collaboration with stakeholders. A consensus-seeking process could be organised and facilitated by people independent of the health system and funded through the fund-raising efforts of stakeholders.

The report's findings are encouraging! They illustrate hope for health system reform beyond the current impasse. The findings on the areas of contention and of consensus provide a point of departure for reform of a health system in dire need of change; in the interests of the people of South Africa, in dire need of a system that serves them.



The *Health Reform: Perspectives and Proposals* report presents what we found and what we recommend. This supplement summarises key findings from the report, which you can read in its entirety when you scan the QR code.

CONTEXT OF THE HEALTH REFORM DEBATE

National Health Insurance (NHI) aims to promote equity and access to quality healthcare to all in South Africa by pooling all health resources in the Republic, with the state as the single payer for services and single purchaser of health products and equipment. The NHI is meant to enable access to the closest point of service for the user by accrediting and contracting health service providers from both the public and the private sector. The National Department of Health views this as the best means for creating a universal health system that gives equal access to quality healthcare.

Photo: Oupa Nkosi

The public debate on health reform and the NHI Bill has become deeply contentious, creating a false dichotomy of those who support NHI and those who do not. In truth, the distinction is not nearly so clear cut, with many supporting the fundamentals of the Bill, while being deeply concerned about how NHI will be implemented. There are also those who may support the intent of the Bill but believe that much more needs to be done to reform healthcare than is presently contemplated within the NHI Bill (where all health reform focus seems to be). The lack of nuance in the public discourse has meant that major stakeholders are **speaking past each other,** that important and relevant points are being lost in a debate that relies on expertise, and that the level of rhetoric is contributing to uncertainty and a lack of trust in government and other stakeholders by both practitioners and users of the health system.

OPPORTUNITIES FOR HEALTH REFORM

During our interviews, it became clear that despite there being many issues of contention in the debate on health reform, there are also some surprising opportunities for collaboration. While these are not uncontentious, there is a clear desire to work on these issues in support of a better functioning health system, which could serve as a basis for building trust and building models for collaboration.

1. Health outcomes

Ten respondents, from all sectors, stated that an important priority for health reform is the need to develop **an outcomes-based health system that is focused on delivering quality care.** This requires a detailed understanding of South Africa's disease burden gathered through rigorous data collection and using this data to prioritise healthcare outcomes nationally, provincially and at the district level. Furthermore, they argued that the National Department of Health should be conducting regular monitoring and evaluation of health outcomes using appropriate indicators and holding accountable departments and officials responsible for those outcomes. This could be an important opportunity for stakeholders in the health system to collaborate, to agree on overall priorities within the health system and to collectively set goals.

The respondents expressed concern that currently South Africa does not operate an outcomes-based health system. One respondent from a regulator stated that South Africa's health system would be better described as a "Sick" system, focusing on catastrophic care and the treatment of illness, rather than being a system that promotes wellness within the population. A representative from government stated: "There has been very little achieved in the last 27 years in terms of improving health outcomes… despite the expenditure." They noted particularly the significant failing in the provision of primary healthcare. Many respondents stated that there is an urgent need to develop preventative medicine in South Africa. Respondents from trade unions representing health workers cautioned that the current curative approach is more expensive than preventative alternatives.

Two public health academics stated that the failure to improve health outcomes is due to a **lack of data**, which has resulted in decision-making without an accurate understanding of South Africa's disease burden. To strengthen the health system eight respondents, from all sectors, believe there needs to be a focus on gathering accurate health data that integrates the whole health system and then prioritises areas that need greatest attention. One respondent from civil society, pointed out that the lack of outcomes is also impacting the quality of care provided to patients with frequent preventable accidents and deaths. One example cited is the failure to improve numbers of preventable accidents during pregnancy and childbirth in the public sector. In 2019, for instance, then Gauteng Health MEC Bandile Masuku announced that 3,832 patients died due to serious adverse events, and 1,148 cases of oxygen deprivation during childbirth, which can cause brain damage. According to the Gauteng Health Department's latest annual report, the province's contingent liability for medical-legal claims amounts to R21.2 billion.

Several public health academics and practitioners interviewed noted that the private sector is also not outcomes based. One private practitioner noted that the fee-for-service model is creating a **perverse incentive to over-service** patients in the private sector. This view was repeated by another respondent who stated: "Sometimes the care you get in private health care, is the care you do not need". On the other hand, concerns were expressed about the quality of service private patients receive when practitioners are economically driven to get as many patients through the door as possible.

Six respondents suggested that the NHI Bill's proposed system of accreditation of facilities is an important opportunity to begin introducing **greater uniformity of quality healthcare**. However, it was noted that most of the public health facilities recently audited had failed to meet the standards for accreditation. The Health Market Inquiry also noted that there are no uniform standards in the private sector and users need to understand the level of treatment to which they are entitled. The respondents suggested that collaboration between the public and private sector on developing appropriate standards and the implementation of these standards could be an important opportunity to integrate the health system.

Five respondents also believe there is an urgent need to strengthen **monitoring and evaluation** within the health system, based on quality data that accurately reflects the health system. To do this, one respondent argued that there needs to be an integration of the tracking of patients between the private sector and public sector and across provinces. Currently there is no compatibility between the tracking systems that exist. Accurately gathering and integrating this data could greatly enhance the ability of the National Department of Health to prioritise interventions.

Five respondents, practitioners and civil society, also argued for **collaboration on health projects, focusing on what is winnable.** Two civil society respondents suggested that South Africa's health system is too wide and shallow, attempting to fix too much with too few resources, resulting in a health system that is overwhelmed by its challenges. One respondent said that South Africa has already experienced the effectiveness of a project-based approach, citing the example tackling HIV/AIDS epidemic, demonstrating the benefits of this approach. They also argued that the response to HIV/AIDS had resulted in many positive spin-offs for the health system and had resulted from wide-ranging partnerships between civil society and the public sector.

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2. Rural healthcare

Collaboration between stakeholders to enhance accessibility to quality healthcare in rural areas is critical to the overall improvement of the health system and there seems to be significant opportunity for collaboration on improving access in rural areas. Twelve respondents stated that there exist **dramatic disparities in access to healthcare**, between provinces and rural and urban areas, where rural areas lack facilities and healthcare workers. These disparities have been exacerbated by using a population-based funding formula by National Treasury which has resulted in stark disparities in funding availability in provinces, with fixed costs being much higher per capita in less populous provinces. This has resulted in a situation where "most of the people in the rural areas and the majority of black people do not access quality healthcare".

It was also noted that the **quality of existing health services in rural areas is not adequate**, with lack of access to tertiary medical facilities, specialists, and allied health professions in rural areas and some provinces. It was reflected that the inadequate referral system that currently exists sees many people moving between provinces to access necessary care. The most recent audits undertaken by the Office of Health Standards Compliance indicate that many public facilities would not qualify to provide services within the NHI's standard, with many of these in already underserviced provinces and in rural areas. There was also some scepticism that the capitation model being proposed in the NHI Bill would incentivise a much-improved distribution of health professionals throughout the country.

A respondent from civil society expressed the view that the **expansion of facilities** needs to be prioritised by the National Department of Health and provincial health departments. They argued that this is necessary because the current market incentives for the private sector militate against greatly expanding into rural areas. It was their view that an adequately regulated private sector could then service urban areas, while government focuses on rural health delivery. The NHI Bill's proposal to integrate public and private sector facilities through accreditation and contracting could also further expand accessibility.

Currently, the rural health system is fragmented, and quality is often poor. Improving services and integrating rural healthcare provision into the broader network of primary healthcare provision and tertiary services must be a critical focus for health reform in South Africa.

3. Health infrastructure and systems

Ten respondents, from across all sectors, have stated that there is an urgent need **to upgrade the infrastructure and systems of the public health sector**, inclusive of health facilities, Information and Communications Technology (ICT), procurement, and logistics systems. These are requirements regardless of whether NHI is implemented or not. There is a belief among five respondents, from the public and private sector, that there could be several opportunities for public-private partnerships to support upgrades. Suggestions made include contracting of private services to support the public sector, skills transfers and capacity building, and other larger scale partnerships linked to health outcomes.

During our interviews, respondents from government noted that there has been ongoing **underutilisation of funds** allocated for infrastructure upgrades. These funds were made available to ensure provinces could get public health facilities accredited to participate in NHI contracting. It was also stated that this is a consequence of the insufficient expertise in the provincial departments to develop the business plans that are a requirement of receiving funds. One government official believes that health departments are still focused on developing massive hospital infrastructure projects, like tertiary hospitals. Instead, it was suggested that provinces should be focusing on developing smaller hospital projects similar to the newer private hospitals. This could be an important opportunity for skills crossover.

One hospital manager also suggested that there is an urgent need to **rethink infrastructure management** in the public sector. Currently, responsibility for infrastructure development and maintenance lies with the Department of Public Works and often the department is slow to respond to the needs of managers. They argued that there is a need for greater integration of the management of infrastructure development or that the health department should take responsibility for the management of its own facilities.

Additionally, there seems to be some belief by public sector respondents that there are opportunities **to leverage off the expertise of the private sector** in ICT, procurement, and logistics management, which would be critical for the implementation of NHI. There has been a desire expressed by respondents from the private sector to collaborate in this regard, something that is also supported by civil society, with one respondent arguing that you never see a private pharmacy having a stockout, something that regularly happens in public sector pharmacies. There is significant expertise in running global supply chains and managing procurement systems that is believed to be valuable to the public sector.

One public health academic has argued for the need to focus on **transversal systems for procurement and logistics** that will integrate the public sector and, should the single-payer and purchaser become a reality, the public and private sectors. Implementing these would enable the health system to be more robust and responsive to the needs of patients. The successful implementation of these systems would require important skills, many of which are already present in the private sector, with many companies having successful and established systems like those needed by the public sector.

4. Procurement

During our interviews, **pharmaceutical legislation and regulation** seemed to be an area where there is a great alignment of interest between the private sector, public sector, and trade unions. There is a belief among respondents from government, trade unions and the private sector that there is a great opportunity to increase innovation in the industry and to increase both local supply and international exports. However, it has been acknowledged that the current regulatory framework is preventing this. A respondent from the public sector agreed that the current policy had enabled the current tender fraud that has taken place during the pandemic.

Respondents from private sector and government view the current approach to broad based black economic empowerment (BBBEE) as creating a cohort of middlemen that are facilitating procurement of goods needed by the public health sector at inflated prices, rather than **supporting the development of black industrialists**. Reform would require multisectoral collaboration to agree on new regulations to enable market entry, a new approach to procurement that would rely on manufacturers rather than middlemen, and an enabling environment for the significant expansion of funding for research and innovation.

5. NHI piloting and strengthening health districts

One of the greatest concerns about the NHI Bill for seven of the respondents, representing the private sector, academia, practitioners and regulators, is the **lack of certainty provided in the Bill**. Much is yet to be clarified and little data exists to either recommend it or reject it outright. To quote one respondent from a regulator, "the Bill isn't worth the paper it's written on", because of the uncertainty it creates and the failure to provide a viable cost model.

A respondent from government stated that it would be impossible to implement the NHI in **the current economic climate** without knowing what it would cost. Another government official echoed this sentiment stating that the core assumptions of the NHI were premised on an entirely different economic climate and that until the economy improves and costs can be estimated it would be impossible to implement. A public health academic stated that it is currently impossible to estimate what the NHI would cost because there is no accurate data on the country's disease burden.

Additionally, there is great concern about **the state's ability to implement the NHI.** The NHI Bill concentrates power in the hands of the Minister of Health and proposes significant centralisation of the health system. Apart from the concerns that this has raised about accountability, one respondent argued that "One of the core problematic assumptions in NHI is that someone at national can control what happens at the coalface." They argued that you cannot have a few people with a helicopter view making all decisions. Another respondent stated of health districts that: "the ability to contract 300 CUPs [Contracting Units for Primary Healthcare, at sub-district level] is naïve. The average district is unable to manage contracts with community services." One academic believed that the NHI might destabilise the little that is working, further undermining the capability of the public health sector.

For many there needs to be serious introspection into the NHI Bill, but **also far greater testing and experimentation.** Numerous respondents believe that there needs to be a focus on establishing proper pilots for the NHI, with several having noted that to date the data from pilots already conducted (which were acknowledged by the National Department of Health not to have been pilots but health system strengthening interventions) would recommend against the implementation of NHI. A former employee of the National Department of Health said that what information has been derived from the so-called pilots indicates that there are problems that need to be resolved before attempting to scale up the NHI.

There is a desire from two public sector respondents that a **provincial pilot** be undertaken, ideally using a well-resourced province. One of these respondents felt that this will enable the government to get an idea of actual costing of the NHI. The other respondent argued that a province-wide intervention would also enable the government to determine how governance and interactions between different levels of government and other stakeholders could work.

Alternatively, several respondents argue that there is a need to run **smaller district-level interventions that could build the capability of districts** and will enable the development of workable systems and gather data to support learning. Pilots, it was argued, therefore need to build systems and processes that enable accountable implementation of the NHI at the grass roots level. Respondents have also suggested that these pilots could be an opportunity to begin testing collaboration between various sectors and to experiment with different models. The findings could then be used to cost NHI and employ best practices, leveraging off the broad expertise in the South African health system. Regardless of whether NHI is to be implemented, for many public health experts, these pilots would support the development of the well-functioning, autonomous and resourced districts critical for the implementation of an outcomes-based health system.

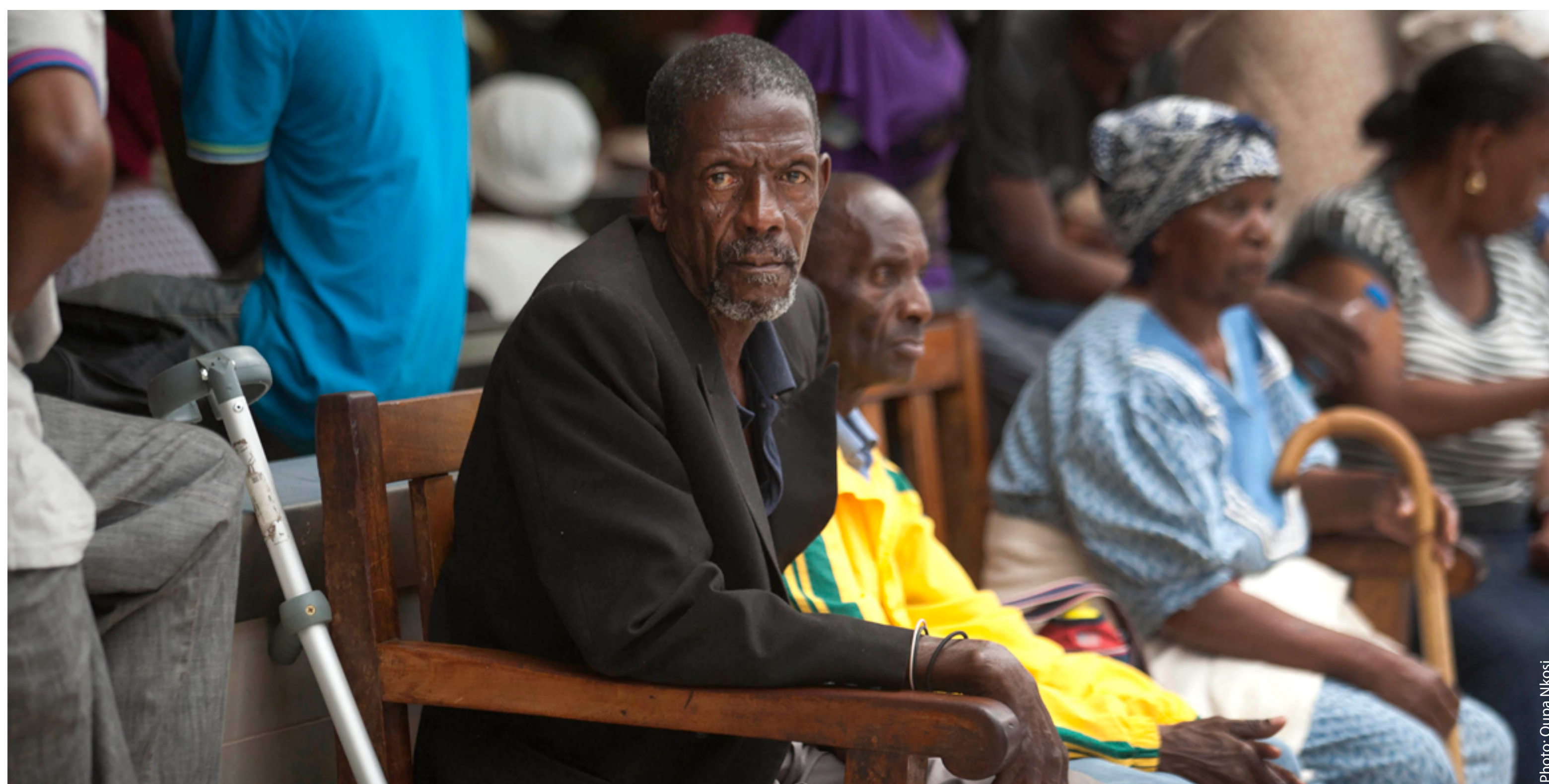
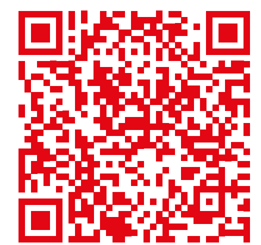


Photo: Oupa Nkosi



To read more about the opportunities for health reform identified in our research, scan this QR code to read the full report.

RECOMMENDATIONS FOR HEALTH REFORM

Health reform remains urgent and the desire for it among respondents of this research is strong. There are two possible paths that we can foresee, following this research, to achieve health reform.

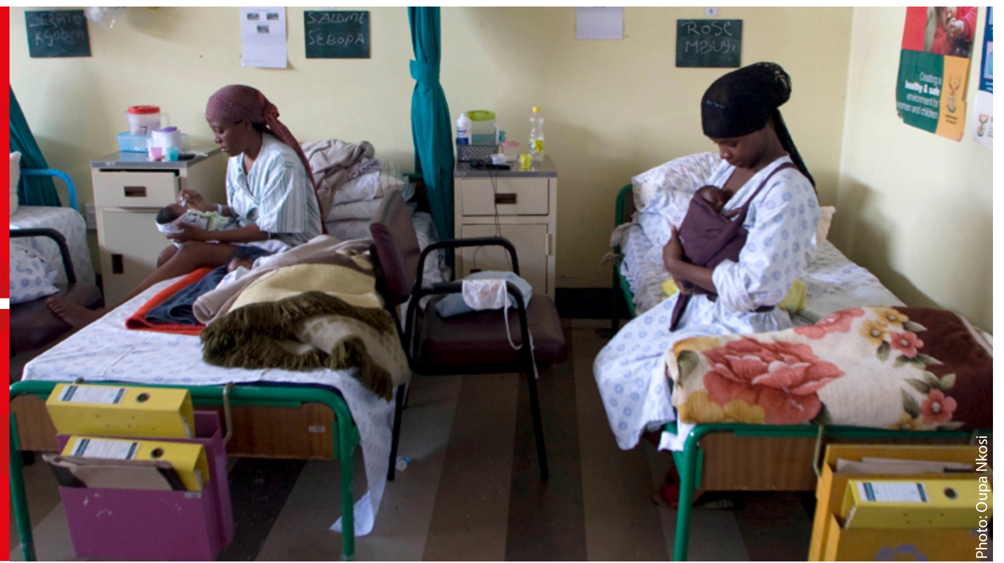


Photo: Oupa Nkosi

Both paths work toward the same result: improving the health system for the benefit of the people that need it while reconciling the inputs of various stakeholders needed to make health system reform work. The paths are also not alternatives. There are some matters that the research indicates require more discussion and attempt at consensus. On other matters there is broad consensus – ranging from consensus on principles to far-reaching consensus on details. On these matters, there can be action. Both paths require real and meaningful consultation as well as compromise from all stakeholders. **Change is not possible without both consultation and compromise.**

Path 1: Implementation in areas of consensus

Path 1 seeks to take action in areas of consensus in a way that builds on the consensus that exists, builds trust, provides needed data, and moves forward health system reform. Having identified areas of initial consensus through this research, **so-called "low hanging fruit"** can be targeted for action. Drawing from this research, we envisage the following action areas:

+ Design and implement **true piloting of contracting and referral mechanisms** to test key proposed NHI interventions in one province or a series of districts. The pilots should include experimenting with alternative options for delivery through multisectoral collaboration.
+ Explore possible national health projects that could be pursued by the departments of health in collaboration with the private sector and civil society, **including ICT integration, procurement, infrastructure, and logistics management** which could have wide ranging positive impacts for the health system.
+ Work across sectors to identify a few **health outcome indicators** for measurement across all health facilities. Pre- and post-natal care may provide a good opportunity for this.
+ Implement key **recommendations made by the Health Market Inquiry**, drawing together experts from private health funders and facilities, the Competition Commission and government regulators.
+ Explore the possibilities for **procurement reform**, bringing together the National Department of Health, the Department of Trade and Industry, trade unions, the pharmaceutical industry, universities, and possible investors.

Implementation of these actions does not signal a move away from the NHI agenda. On the contrary, movement in areas of consensus could provide proof of concept for some elements of NHI or illustrate where changes are needed. **Some of the actions are implementable in the short-term** and there is evidence of agreement on the need for their implementation, easing the process.

Path 2: Consensus building for health reform

Every participant interviewed during this process agrees that there is an urgent need for health reform in South Africa. However, each participant has either expressed sentiments that indicate **a lack of trust in other stakeholders**, or an acknowledgement that parties often treat each other as adversaries or are simply unwilling to compromise. However, through interviewing key informants we believe there are windows of opportunity for engagement that undoubtedly could strengthen the health system and serve as a basis for further future collaboration. While consensus building on health reform will by no means be easy, there seems to be agreement from nearly all participants that they are willing, notwithstanding reservations, to attempt dialogue.

Three government respondents noted that government undertook a health compacting process in 2019 that they believe was a consensus building process. However, three others who were part of that process, felt that far from being a consensus building process, focused on problem solving, it was rather an attempt at giving the NHI a veneer of political legitimation and consultation. One public health expert felt it was an attempt at entrenching an ideological position rather than there being any real attempt to build a compact. This fundamentally runs counter to the nature of consensus-building and compacting, which requires an exploration of the concerns of all participants and a **genuine commitment to engagement and discussion.**

One public health expert is sceptical of what any consensus building process could achieve given the **entrenched interests** that exist within the health system. This expert is even sceptical about the possibility of implementing NHI, even if the Bill passes, arguing that within the health system exist too many vested interests (across both the public sector and the private sector). Another public health expert has expressed the view that their experience of working within the COVID-19 response has shown that there is little real commitment to reform and where there were opportunities for collaboration these were not taken.

While there is some rightful scepticism of this process, given participants' views, it is our opinion that this is an indication of the **low morale and low trust** that parties are currently experiencing. Since the beginning of the pandemic, there has been an erosion of optimism and a pervading exhaustion throughout the health system that has given little respite. However, in the last few months, with the limited **public and private sector collaboration on vaccine roll out, there is perhaps some opportunity for the exploration of consensus building.**

The agreement to participate in consensus building **does not require the abandonment of support for the NHI**, nor should it require full-throated acceptance; this is not in the nature of consensus-building processes. Rather, it is a process that would acknowledge that there are questions to be asked about NHI, not least to dispel the current damaging level of uncertainty, and real challenges in the health system that need to be addressed. Based on our interviews this would seem to be a common perspective already. The process would have to explore and agree on the challenges that are currently facing the South African health system, a task this report has only started to do by raising the most contentious aspects of health reform and looking at those where there might be opportunity for early collaboration. It would further require an agreement to discuss issues in an environment where there are deeply entrenched beliefs and important interests that have a role in the health system.

There is also the pressing reality that reform of the health system is becoming a critical requirement for South Africa – the challenges are mounting and the failure to act could have a devastating impact on the country. This constrained environment could be an important driver towards collective and innovative problem-solving.

At this stage it would be impossible to say whether a consensus building process on health reform would work or not. **However, there seems to enough support for the idea from those interviewed to make it worth exploring. The very act of coming together to explore in detail consensus building would be an important first step and represent great act of faith from parties that have experienced a considerable deal of conflict and who often distrust each other.** This is particularly true in the context in which we find ourselves currently.

Importantly, following the two reform paths identified, preferably simultaneously, allows action and further discussion, both of which can foster trust and ease the way for expanding health reform.

CONCLUSION

Our research brings together the perspectives of many individuals with significant experience of the South African health system and the debates that have been taking place to reform it. Responses have shown there is a great overlap of opinions between stakeholders that traditionally would be perceived as hostile to each other, while there is also conflict between stakeholders viewed as traditional allies in health system reform. This report will hopefully help stakeholders to find new opportunities for engagement.

However, it has been made clear by many of the stakeholders that they are **fatigued by the endless debate on health reform** and frustrated by the lack of progress that has been made in realising any real change in a health system so desperately in need of it.

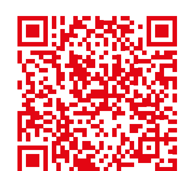
For many, there is a powerful yearning to do something to change the current paradigm in healthcare. For many others though, there is a fatalism, a perspective that despite the debate there is no real desire from others to genuinely pursue change.

Concentric Alliance and SECTION27 acknowledge that collaborative action may be difficult for many stakeholders to envisage, with such long experiences of disappointment and distrust.

However, it is our view that given the strong desire for reform and the need for collaboration to achieve it, **there are opportunities** for focused action and consensus-building directed toward discreet objectives that can be used to demonstrate commitment, build trust, and deliver reform of the health system.

We believe that these recommendations provide an opportunity for **movement on health system reform**, by implementation of health reform efforts where there is already considerable consensus, and by the use of a more extensive consensus building process or the implementation of pilots. Such movement has the potential to build trust through collaboration.

While it is unlikely that trust will be developed immediately, the development of an approach that has well defined outcomes and requires all parties to contribute and demonstrate their commitment to health reform, and respect for other stakeholders, stands the best chance of repairing relations and **delivering upon a better health system for all.**



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SECTION27 *is a public interest law centre that seeks to achieve substantive equality and social justice in South Africa.* ***Concentric Alliance (Pty) Ltd*** *is an Africa-based conflict resolution and development practice.*