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Press Release

Nene calls for 'meaningful contributions' to the achievement of universal healthcare

Private healthcare, including the funding industry, needs to fight for a place to participate meaningfully in the creation of a social compact for better health services.

This was the opinion of former Finance Minister Nhlanhla Nene who was speaking on the opening day of the 17th annual Board of Healthcare Funders (BHF) conference, currently underway in Cape Town.

Nene is now Resident Advisor at Thebe Investment Corporation, and although he said he would prefer not to look back at his former role, issues of budgets and expenditure are clearly still of paramount importance to him.

"Healthcare cost escalation is rampant around the world," he said, noting that medical aid costs in South Africa have increased by 300% in the past 12 years to R142bn. The overall budget expenditure in the public sector has increased from R20bn in 2000 to R170bn in 2016 – an escalation of over 850%.

"With this level of expenditure, why are we seeing a paucity of outcomes?" he asked, pointing out that in the private sector in particular there is an "unbridled fee-for-service system which incentivises utilisation of healthcare services without making providers accountable".

Although the public sector has seen successes such as the implementation of a comprehensive HIV and Aids strategy, as a whole "lagging measures of maternal, infant and child mortality point to a collective failure" in the health sector.

Nene pointed out the significant disparities in access to healthcare which manifest in 84% of South Africans relying on the services of the 30% of the country's doctors who work in the public health sector.

The solution, he agrees, is to pursue the ideal of universal health coverage. In order for this to succeed, he said, private healthcare workers will have to be "re-orientated" from providing volume-based, fee for service healthcare. This system is "a recipe for turmoil and acrimony" and does not promote alignment between stakeholders.

Development of human capital will need to take place at an unprecedented level and the private health sector has a pivotal role to play.

"Skills that are abundant in the medical aid industry, such as coding, data analysis, financial management, governance and others will have to be availed to the smallest, most remote districts of South Africa," he said.

“Concerted collaboration amongst the various role players and robust information systems will be crucial, especially when it comes to the management of fraud and abuse – a problem which he described as “intractable” and “endemic” in both the public and private healthcare sectors.

Nene urged BHF members to work together to make submissions to the Department of Health and to ensure that they work together to be part of the process of building and implementing the NHI.

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