# South Africa

## *Making Provider Payment Mechanisms More Strategic: Removing the Roadblocks to Implementation*

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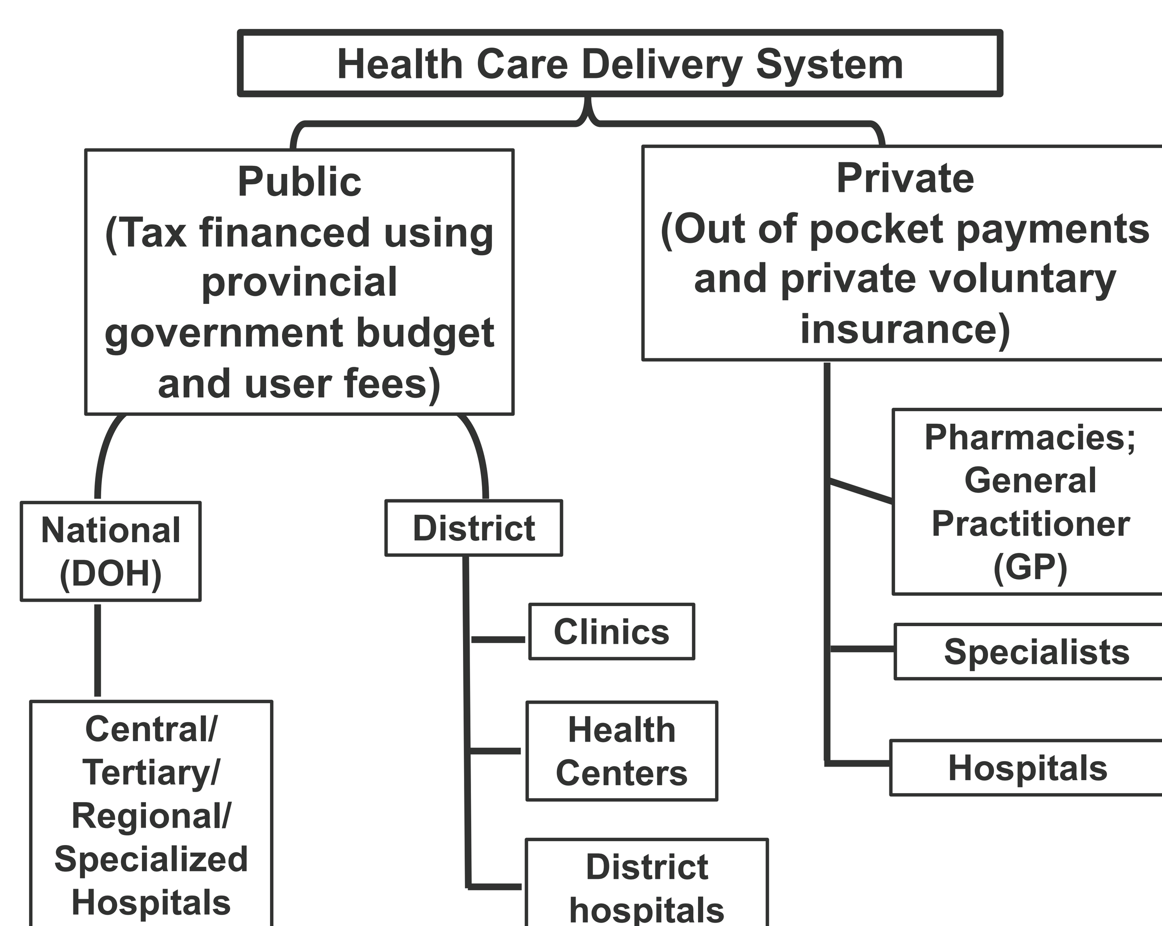
## *Context*:

| | |
|---|---|
| **Population** | 56.72 million (2017 Estimate) |
| **GDP/ Capita** | $6,161 (USD, 2017) |
| **THE/ Capita** | $530 (USD, 2017)<br>*Gov't spending comprises 43% of THE* |

### Organization of the Health System:




### Monitoring

1. DHIS
2. Contract compliance visits and reports

## Challenges for UHC

- Resource and capacity constraints in public sector management for implementation of the NHI.
- Capacity constraints in contracting for health services.
- Public-private mistrust and conflicts.

## Provider Payment Mechanisms

### Public Sector

- Line item budgets
- Salaries (staff)
- User charges

- **Successes:** Equitable allocation to specific regions, based on deprivation, PHC receives allocation based on "need"

- **Challenges:** Discouraging efficient use of resource; quality cannot be monitored; user fees are not retained at the facility.

### Private Sector

- Fee for service predominant PPM
- Out-of-pocket payments

- **Successes**: (decongesting public facilities until insured users run out of insurance benefits)

- **Challenges**: cost escalation, issues with monitoring quality of service.

## Innovations

### Contracting – in of GPs 2012

- GPs were contracted in to do 'sessions' at public clinics 3-4 hours, 2-4 times per week.
- The objective was to increase the presence of doctors at clinics.
- GPs were paid on an hourly payment basis.

- **Success**: 250 GPs contracted.
- **Challenges**:
- This fell below the target of 600 GPs by 2014. Most of the contracted GPs were doctors who moved from within the public service because of the slightly higher rate.

### Legislative instruments in preparation of NHI implementation

- Drafted the NHI bill which provides for a single pool and single purchaser.
- PPM will include capitation for PHC, FFS for specialist services and DRGs for hospital care.
- Also amended medical schemes legislation to define role of private insurance as supplementary to NHI, institute a risk equalization fund and improve transparency of private insurers.

- **Success**: NHI bill drafted
- **Challenges**: Still to pass through cabinet and parliament for approval

## Lessons Learned

✓ **Public management capacity should be strengthened** as custodians of the overall health system.
✓ **Leverage private sector capacity** especially for service provision.
✓ **Political will for financing and service reorganization** are important prerequisites for strategic purchasing.
✓ **Public consultation** is an important consideration

## Next Steps

- Cabinet to approve the NHI bill and to go to parliament (including public commenting) to become NHI law
- Establishment of the NHI Fund – single strategic purchaser
- The NHI Fund to accredit service providers (public and private) that have been certified by the Office of Health Standards Compliance, every 5 years
- Performance of service providers is to monitored routinely
- Contracting units for primary health care (CUP) to be formed
- PHC services funded on a risk-adjusted capitation
- PHC service providers contracted and remunerated by the CUP.
- Hospitals (district, provincial, regional and specialized) paid through DRGs or global budgets
- Emergency services: capped case-based fee adjusted for case severity, where necessary
- Salaries to public providers through the provincial department

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