


BRIEFING TO THE PORTFOLIO COMMITTEE ON HEALTH

NATIONAL HEALTH INSURANCE BILL


29 AUGUST 2019



health

Department:
Health
REPUBLIC OF SOUTH AFRICA


PURPOSE




health

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Health
REPUBLIC OF SOUTH AFRICA

- The Bill establishes NHI Fund as a legally defined organ of the state.
- The Bill seeks to establish the National Health Insurance Fund of South Africa (NHI Fund), its Functions, Powers and Duties.
- It further provides for the control of NHI Fund by the Board,
 - the composition of Board,
 - the appointment of Members of Board,
 - the appointment of Chairperson and Vice-Chairperson of Board,
 - the meetings of the Board,
 - the appointment of Committees of the Board and the disqualification from membership of Board and vacation of office.
- The Bill seeks to define beneficiaries of services covered by the NHI Fund, including population registration.
- The Bill also provides for the contracting of accredited providers of personal health care services and allows for the Minister to determine criteria for accreditation and reimbursement of Health care providers
- The Bill provides for the Minister to determine health care benefits that will be reimbursed through the NHI Fund, as well as the service coverage and cost measurement provisions.

NHI BILL		 health Department: Health REPUBLIC OF SOUTH AFRICA
<ul style="list-style-type: none"> • Part 1: Purpose and Application of the Act • Part 2: Access to Healthcare Services • Part 3: NHI Fund • Part 4: Board • Part 5: Chief Executive Officer • Part 6: Committees to be established • Part 7: Advisory Committees • Part 8: General Provisions • Part 9: Complaints and Appeals • Part 10: Financial Matters • Part 11: Miscellaneous 	3	

1. PURPOSE AND APPLICATION OF ACT		 health Department: Health REPUBLIC OF SOUTH AFRICA
<ul style="list-style-type: none"> • Purpose of Act <ul style="list-style-type: none"> – establish and maintain a <u>National Health Insurance Fund</u> in the Republic funded through <u>mandatory prepayment</u> that aims to achieve sustainable and affordable universal access to <u>quality health care services</u>. The Fund will be: <ul style="list-style-type: none"> • single purchaser and single payer of health care services • by pooling of funds and strategic purchasing of healthcare services and goods from accredited and contracted health care service providers • Application of Act <ul style="list-style-type: none"> – applies to all health establishments, excluding military health services and SSA – The Act does not affect the funding and functions of any organs of state in respect of health care services until relevant legislation has been enacted or amended. – Where there is conflict with other legislation this Act will prevail except the Constitution and PFMA. 	4	

2. ACCESS TO HEALTH CARE SERVICES (1)



- **Population coverage**
 - the fund will purchase services on behalf of SA citizens; permanent residents; refugees; inmates and specific categories of foreign nationals.
 - asylum seeker or illegal migrants – EMS, notifiable conditions, basic health services for children,
 - Foreign Nationals – travel insurance
- **Registration as users**
 - Eligible person must register (including children) with accredited healthcare provider/establishment
 - Newborns automatic registered at birth registration
 - Supervising adult must register children in a child headed household
 - Biometrics and such other prescribed information

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2. ACCESS TO HEALTH CARE SERVICES (2)



- Users of healthcare services have the following rights
 - quality health care services free at the point of care
 - information relating to the Fund, service benefits and personal info
 - Not refused access on unreasonable grounds
 - Access to care within a reasonable timeframe
 - reasonable decisions about his or her health care;
 - Submit a complaint
 - Written reason for fund decisions
 - to purchase health care services that are not covered by the Fund through a complementary voluntary medical insurance scheme

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2. ACCESS TO HEALTH CARE SERVICES (3)



- Health care services coverage
 - The fund must purchase services on behalf of all beneficiaries
 - where provider or establishment unable to provide a registered service then facility or provider must transfer the user to another provider/establishment
 - User must enter at the PHC level, and follow referral pathways as condition of entitlement
 - Minister must designate central hospitals as semi-autonomous - government components
 - Treatment will not be funded if – no medical necessity, not cost effective or not included on the formulary
 - If the fund declines a benefit – provide reasons and allow for appeal process
- Cost coverage
 - free at the point of care

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3. NATIONAL HEALTH INSURANCE FUND



- Establishment of Fund – section 3A public entity
- Functions of Fund
 - actively purchase services and enter into procurement contracts for goods
 - timely reimbursement
 - determine payment rates annually in a prescribed manner
 - Appropriate funding for healthcare services at various levels
 - monitoring the quality and standard of health care services
 - performance profile of all service providers – pay for performance
 - Monitor the impact of the Fund in addressing healthcare needs
 - Liaise and exchange information between DOH, entities and statutory councils
 - Maintain a national database of population – demographic and epidemiological
 - Perform functions in the most cost-effective and efficient manner
 - Funding aligned to health policies approved by the Minister
 - Responsibility to contribute to the protection, promotion, improvement and maintenance the health of the population

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3. NATIONAL HEALTH INSURANCE FUND



- Powers of the Fund
 - employ personnel and purchase or acquire goods, equipment, land, buildings and related assets
 - draw, draft, accept, endorse, discount, sign and issue promissory notes, bills and other negotiable or transferable instruments
 - insure itself against any loss, damage, risk or liability
 - investigate complaints against the Fund, providers, establishments or suppliers
 - the implementation of best practices in terms of purchasing of services, procurement of goods, efficient delivery of healthcare services, data collation and analysis, fraud prevention,
 - Research relating to improving UHC
 - Exchange information with organs of state
 - Institute or defend legal proceedings
 - Negotiate lowest possible price for services and goods

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4. BOARD OF FUND



- Establishment of Board- governance board accountable to the Minister
- Constitution and composition of Board
 - 11 members appointed by the Minister. Expertise in health care service financing, health economics, public health planning, monitoring and evaluation, law, actuarial sciences, information technology and communication. 5 year term – renewable once. Exclusions linked to conflict of interest.
 - Minister appoint ad hoc panel – interview candidates – recommend a short list to Minister for appointment
 - Minister may remove a Board member – specified conditions
 - Minister may dissolve the Board - specified conditions. Then appoint acting Board for 3 months.
- Chairperson and Deputy Chair – Minister appoints Chair and Board selects Deputy

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4. BOARD OF FUND



- Functions and powers of Board
 - fulfil the functions of an accounting authority as required by the PFMA
 - Meet at least 4 times a year
 - Advise the Minister on matters relating to the Fund including financing, administration, pricing, etc
 - Board will define type of reports required from the executive management
- Conduct and disclosure of interests
 - Any paid employment that will conflict with the work of the Fund
 - Declaration of interests
- Procedures – Board will determine its own procedures
- Remuneration and reimbursement - rates determined between MOH and MOF

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5. CHIEF EXECUTIVE OFFICER



- Appointment
 - Technical competence and experience
 - Board interview candidates – recommend to the MOH
 - Term of 5 years, renewable once
 - Board may recommend removal of CEO
- Responsibilities
 - Accounts to the Board
 - Functions designated by the Board
 - Run an efficient administration including human resources, investigative unit, complaints of fraud, corruption. Appoint of staff to the Fund.
 - Liaise with DHMO
 - Establish the following units planning, benefit, provider rates and payments, accreditation, purchasing, contracting, payment administration, performance monitoring, risk and fraud
 - Annual report
 - Meet with MOH, DG, OHSC at least 4 times a year to discuss matters affecting the Fund

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6. COMMITTEES TO BE ESTABLISHED BY BOARD



- Committees of Board
 - Board will determine its governance committees
 - Meet 4 times a year
- Technical committees
 - Board may establish these committees
 - Persons participating must have relevant expertise, fit and proper, conflict of interest, abuse of position.

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7. ADVISORY COMMITTEES TO BE ESTABLISHED BY MINISTER



- Benefits Advisory Committee
 - expertise in medicine, public health, health economics, epidemiology, the rights of patients. MOH appoints Chair
 - 5 year term – renewable once
 - determine service benefits by level of care,
 - Cost effective treatment guidelines
 - Regulations to detail terms of reference
- Health Care Benefits Pricing Committee
 - Recommend prices for health service benefits. Minister appoints Chair.
 - 16 persons - expertise in actuarial science, medicines, epidemiology, health management, health economics, health financing, labour and rights of patients and one member must represent the Minister
- Stakeholder Advisory Committee - representatives from the professions councils, health entities, labour, civil society organisations, professional associations, and advocacy groups
- Disclosure of interests – disclosure of personal and financial interest
- Procedures and remuneration – determined by MOH in consultation with MOF

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8. GENERAL PROVISIONS APPLICABLE TO OPERATION OF FUND



- Role of Minister
 - Governance and stewardship of the national health system and the NHIF
 - Minister must delineate the role and responsibilities of Fund, National and Provincial Departments taking into account Constitution, NHA, to prevent duplication, ensure equitable provision and financing
- Role of Department (NHA and Constitution)
 - Guidelines for norms and standards
 - Human resource planning, development, production and management
 - Co-ordination of health services
 - Planning development of public/private health establishments
 - Integration of Annual Health Plans
 - Subject to S57, Minister may introduce NHA amendments to delegate functions to provinces, designate categories of hospitals autonomous legal entities, establish DHMO as government component

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8. GENERAL PROVISIONS APPLICABLE TO OPERATION OF FUND



- Role of medical schemes – once NHI is fully implemented Minister will introduce regulations limiting benefits to services not reimbursable by the Fund
- District Health Management Office – national government component which must manage, facilitate, support, and co-ordinate the provision of PHC services for personal healthcare and non-personal healthcare at district level
- Contracting Unit for Primary Health Care
 - Preferred organisation unit with which the fund contracts
 - Organisational unit includes district hospital, clinics, CHC, WBOTS and private providers within a specified area and will assist the Fund in understanding the BoD, accredited public and private providers, contract management, ensure referral systems are functional, integration of public and private healthcare services

8. GENERAL PROVISIONS APPLICABLE TO OPERATION OF FUND



- Office of Health Products Procurement
 - Centralised facilitation and co-ordination of procurement of healthcare goods
 - The OHPP must determine selection, procurement process, price negotiation, contract management
 - Support the BAC to develop and maintain a formulary of EML AND EEL
 - Review formulary taking account of BoD, new medicines, evidence of treatment options and prices.

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8. GENERAL PROVISIONS APPLICABLE TO OPERATION OF FUND



- Accreditation of service providers
 - Certification from the OHSC
 - Provide minimum range of services
 - Appropriate number and mix of health professionals
 - Adherence to treatment protocols and referral pathways
 - Submission of information – ID, diagnostics, procedure codes, treatment, length of stay, referral, any other information
 - Adherence to the national pricing regimen
 - Conclude a legally binding contract with establishment or provider – max 5 years
 - Conditions for renewal – benefits package, certification, staffing mix, guidelines, referral pathways,
 - Provider that has been refused accreditation - appeal
- Information platform of National Health Insurance Fund
- Payment of service providers

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8. GENERAL PROVISIONS APPLICABLE TO OPERATION OF FUND



- Information platform of National Health Insurance Fund
 - Providers and establishments to submit info as prescribed
 - Fund must use info to plan, budget, monitor, adhere to guidelines
 - Personal information of user is confidential
- Payment of service providers
 - Primary care providers contracted and remunerated via CUPs
 - Specialists and Hospitals – performance based
 - EMS capped case based fee
 - Minister to make regulations relating to payment mechanism.

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9. COMPLAINTS AND APPEALS



- Complaints – fund must setup mechanism to receive complaints. Investigating unit to establish facts and complainant responded to in writing
- Lodging of Appeals – lodge appeals within 60 days of receipt of notification
- Appeal Tribunal – 5 persons appointed by MOH
- Powers of Tribunal – similar to High court
 - may set aside Fund decision
- Secretariat – staff of the Fund
- Procedure and remuneration
 - Remuneration in consultation with MOF
 - Conflict of interest
 - May seek redress through the courts

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10. FINANCIAL MATTERS




- Sources of funding – appropriations, fines, interest, bequest
- Chief source of income
 - Appropriations
 - General tax revenue, shift funds from provincial equitable share and conditional grants
 - Medical scheme tax credits, payroll tax, surcharge on PIT
- Auditing - AGSA
- Annual reports
 - Submission to Parliament and Minister
 - Audited finances
 - Activities undertaken, progress,
 - Additional reporting information


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11. MISCELLANEOUS



- Assignment of duties and delegation of powers
- Protection of confidential information
- Offences and Penalties
- Regulations
- Directives
- Transitional arrangements as per White Paper
 - Phase 2 – (2017/22): health system strengthening initiatives, National Health Insurance legislation, foundation for a fully functional Fund, purchasing of personal healthcare services for vulnerable groups, committees - National Tertiary Services, Training and Development, Benefits, Health Technology Assessment, migration of Central Hospitals, structuring of the CUPS, accreditation of health care service providers, legislative amendments of 12 Acts
 - Phase 3 – (2022/26): continuation of health systems strengthening activities, mobilisation of additional resources as approved by Cabinet, selective contracting of healthcare services from private providers₂₂

Legislative Amendments	 health <small>Department: Health REPUBLIC OF SOUTH AFRICA</small>
<ul style="list-style-type: none"> • Medicines and Related Substances Act, 1965 (Act No. 101 of 1965); • Occupational Diseases in Mines and Works Act, 1973 (Act No. 78 of 1973); • Health Professions Act, 1974 (Act No. 56 of 1974); • Dental Technicians Act, 1979 (Act No. 19 of 1979); • Allied Health Professions Act, 1982 (Act No. 63 of 1982); • Medical Schemes Act, 1998 (Act No. 131 of 1998); • Mental Health Care Act, 2002 (Act No. 17 of 2002); • National Health Act; • Nursing Act, 2005 (Act No. 33 of 2005); • Traditional Health Practitioners Act, 2007 (Act No. 22 of 2007); and • other relevant Acts. 	
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Role of Provinces Under NHI	 health <small>Department: Health REPUBLIC OF SOUTH AFRICA</small>
<ul style="list-style-type: none"> • DoH will delegate to provinces as management agents, for the purposes of provision of health care services, and in those cases the Fund will contract with sections within the province such as provincial tertiary, regional and emergency medical services • Manage the ambulance services • Assist the District Health Management Office in controlling the quality of all health services and facilities; • Delegate provincial and regional hospitals and provide specialised hospital services • participate in interprovincial and intersectoral co-ordination and collaboration • provide technical and logistical support to district health councils; • co-ordinate health and medical services during provincial disasters 	
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Role of Provinces Under NHI



- provide and co-ordinate emergency medical services and forensic pathology, forensic clinical medicines and related services, including the provision of medico-legal mortuaries and medico-legal services;
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- provide and maintain equipment, vehicles and health care facilities
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- consult with communities regarding health matters;
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- promote health and healthy lifestyles
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- provide environmental pollution control services
- ensure health systems research; and programmes; public sector; health services

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THANK YOU

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