



HASA 2017 CONFERENCE

THE HEALTHCARE PUZZLE

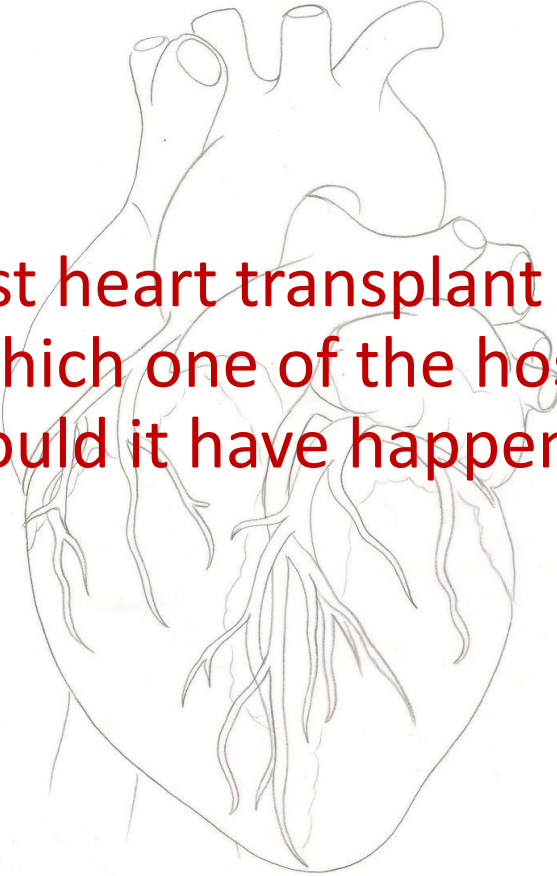
integrating
healthcare



Funding universal healthcare: The great distraction

Mariné Erasmus



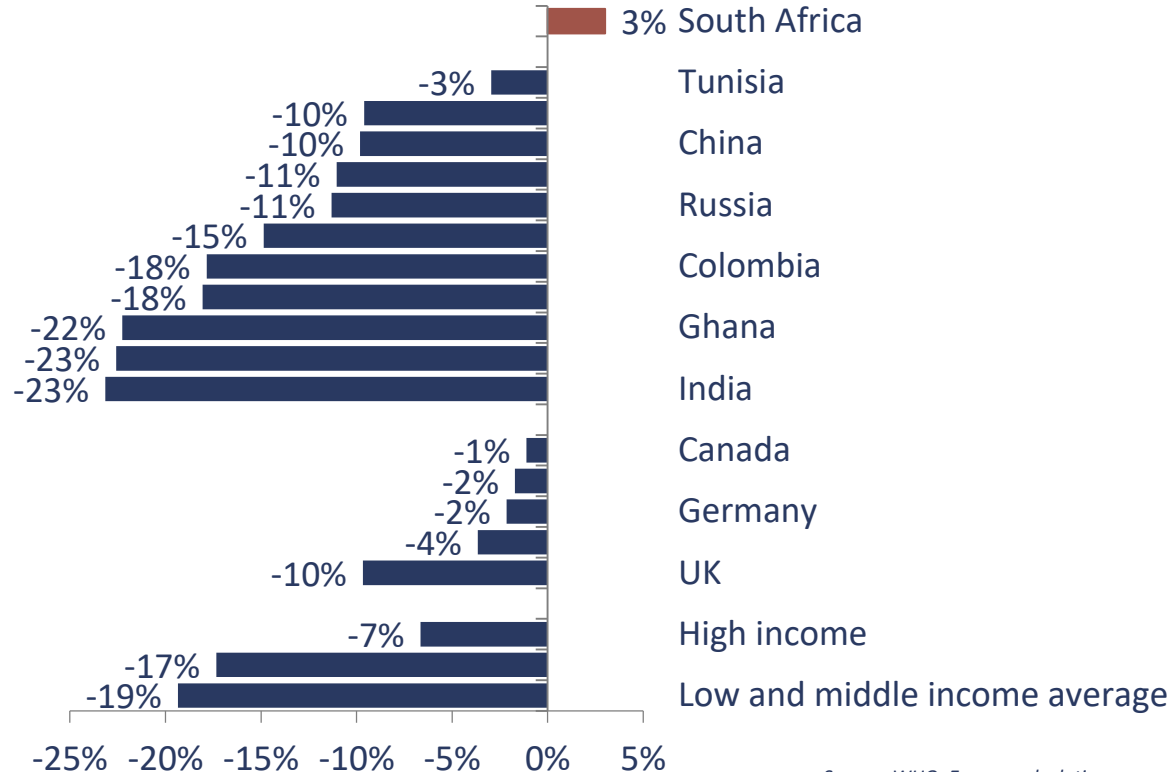


If the first heart transplant happened today, in which one of the hospital groups would it have happened?

This is it! The tipping point...



Change in DALYs from 2000 to 2012



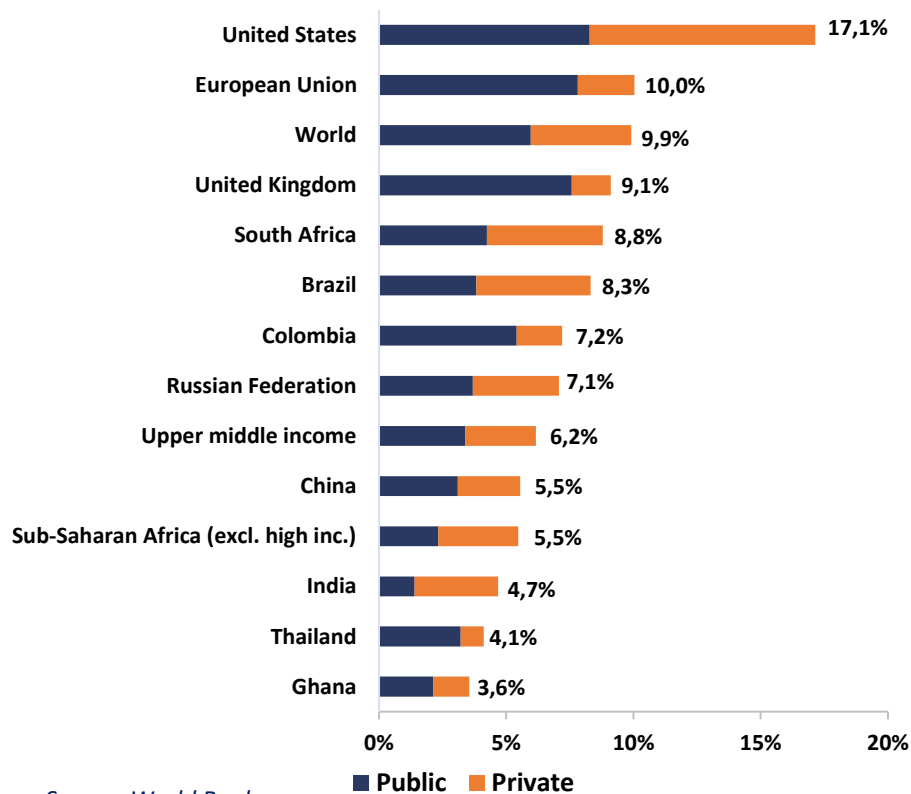
Source: WHO, Econex calculations

Global Burden of Disease study 2016

- SA's life expectancy increased since 2006, BUT:
- SA is 1 of 3 countries where the HALE at birth decreased for males from 1990 to now
 - Males born in 2016 can expect to have a healthy life of 51.5 years (1990: 53 years)
 - Largest increase for males: Ethiopia
- Only 1 of 2 countries where the HALE at birth decreased for females
 - Females born in 2016 can expect to have a healthy life of 56.1 years (1990: 58.6 years)
 - Largest increase for females: Maldives
- SA is 1 of top 5 countries with highest age-standardised DALY rates relative to the rates expected on the basis of their socio-demographic index (SDI)
 - Also one of top 5 with smallest decrease in the gap between observed and expected age-standardised DALY rates since 1990
 - Top 5 that improved include Ethiopia and Liberia
- Botswana, Zimbabwe, Malawi, Zambia and Rwanda are the top 5 countries in terms of decreasing the gap between their observed and expected life expectancy since 2000

But how is it possible?

Health expenditure as % of GDP

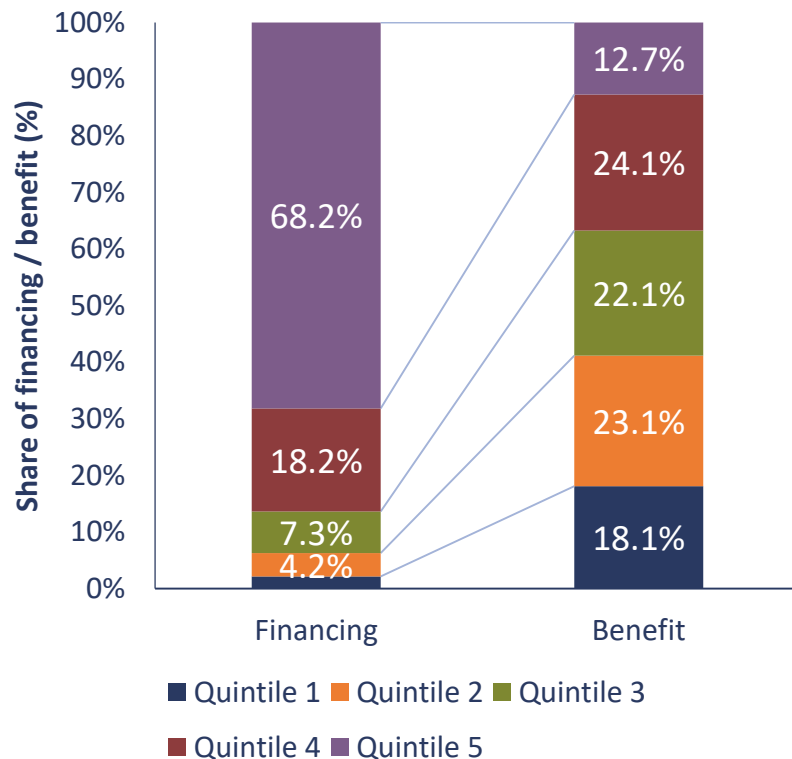


Source: World Bank

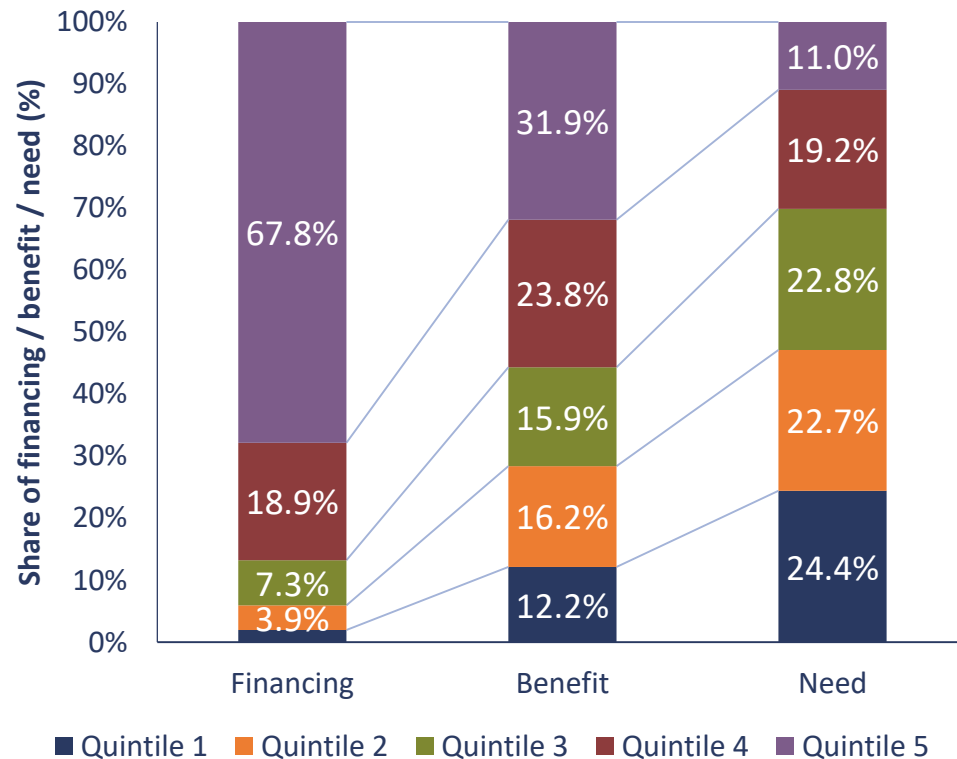
- NHI White Paper – financing system that punishes the poor
- Taking stock: Who pays for healthcare, who receives it, and who needs it?

A “financing system that punishes the poor”?

PUBLIC sector results, 2010



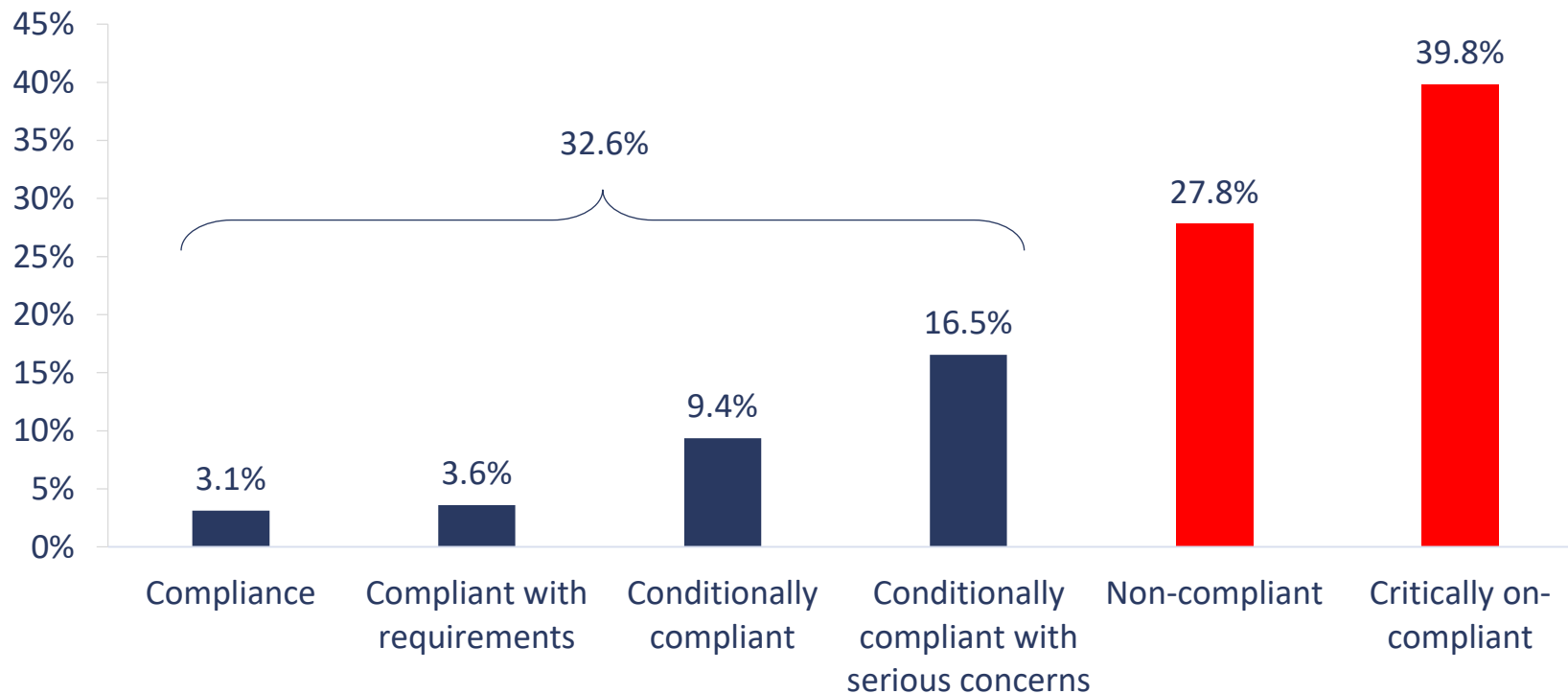
COMBINED results, 2010



Why is the poor not getting what
the wealthy is paying for?



OHSC 2014/15 Compliance Results for 417 public facilities



Examples of poor quality

Source: OHSC
Inspections Results
2014-2015

Sedated patients on the floor & left unattended



Miscellaneous items as noted, opened needles, opened and sealed vials



Expired drugs



Non-expired drugs

Expiry date changed



Empty emergency trolley



Unsterile instruments used on patients



One structural issue remains unaddressed:

Governance
(management and accountability)

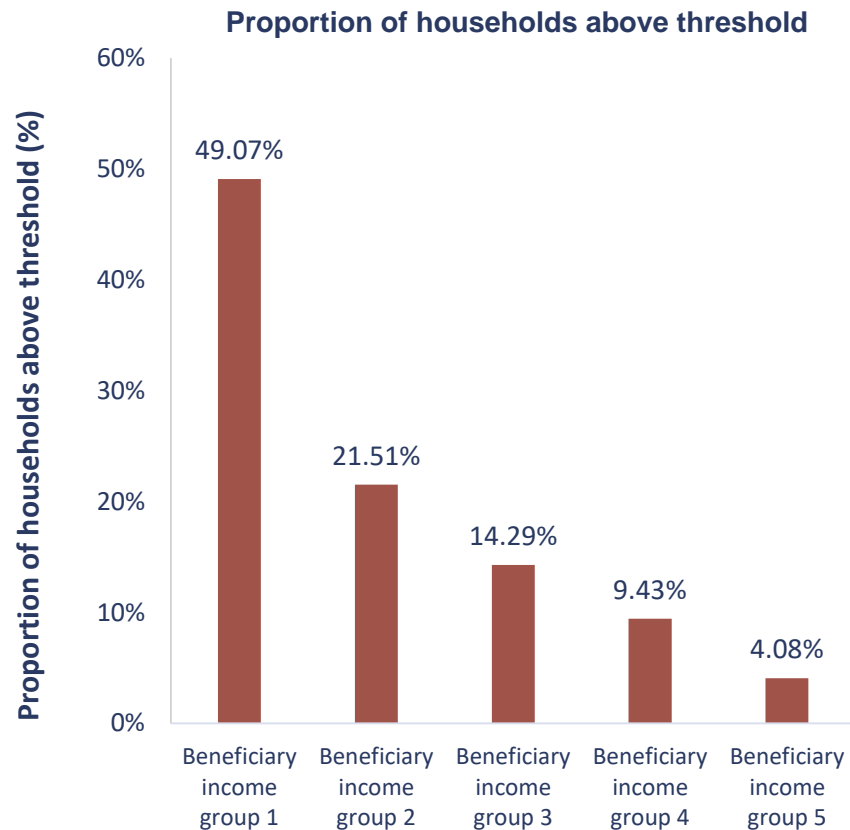
But we're focussing on a problem that is (largely)
already solved...

**THE GREAT
DISTRACTION!**



- **Removal of the tax credit?**

- 1.9 million beneficiaries in 2016 (21.9% of all beneficiaries) may move above affordability threshold (12.85% of disposable income)
- This increases burden on the state, and possibly less money in the pot
- More people at higher financial risk (which was originally the reason FOR the tax credit)
- But does nothing to the problem we identified (because it is not a financing problem...)

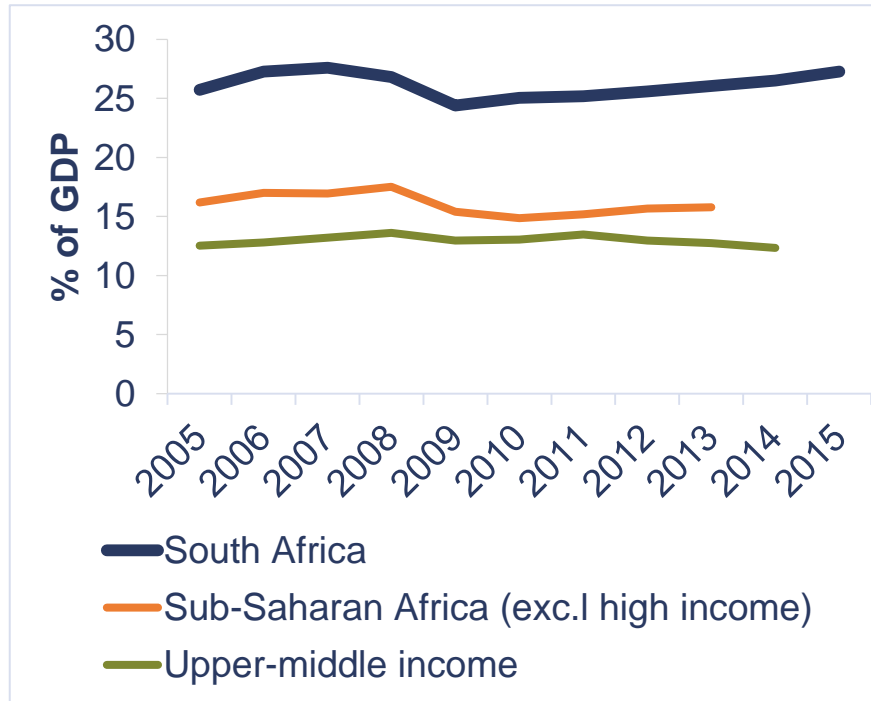


Throwing more money at the problem...

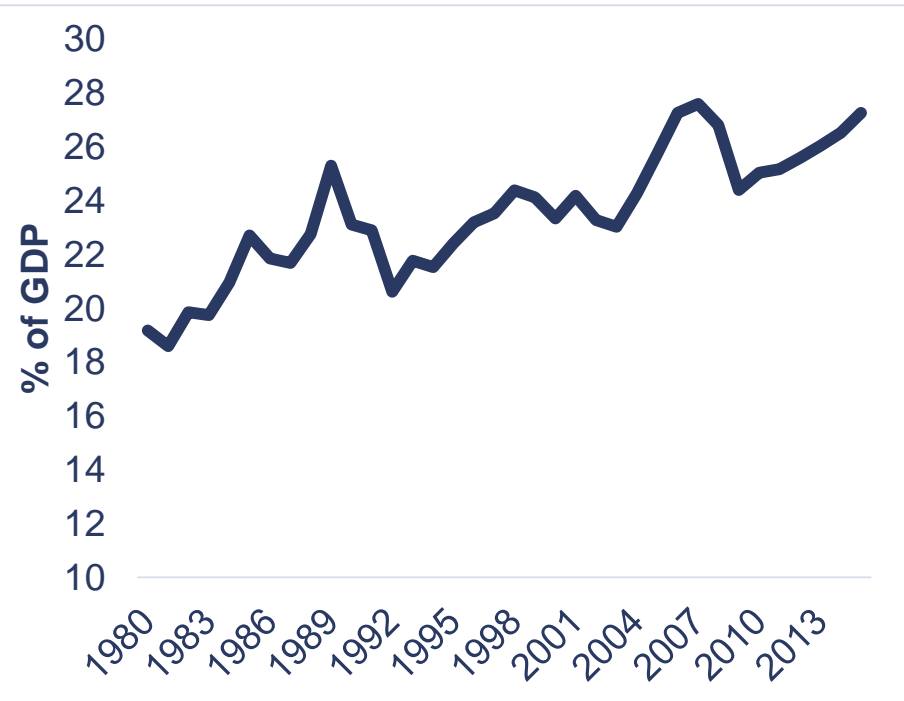
- **Increase taxes?**

- NHI White Paper preferred tax scenario: 2% payroll tax and 2% surcharge on taxable income (effectively an increase in personal income tax)
- Negative impact on economy of higher taxes
 - Cost of employment increases – impedes attempts at creating jobs
 - Lower household income – lower spending, savings and investments
 - All these reduce GDP growth
 - Higher taxes will likely have a negative impact on ratings agencies' assessments of SA
- Still not solving any of the problems because it is not only a money issue

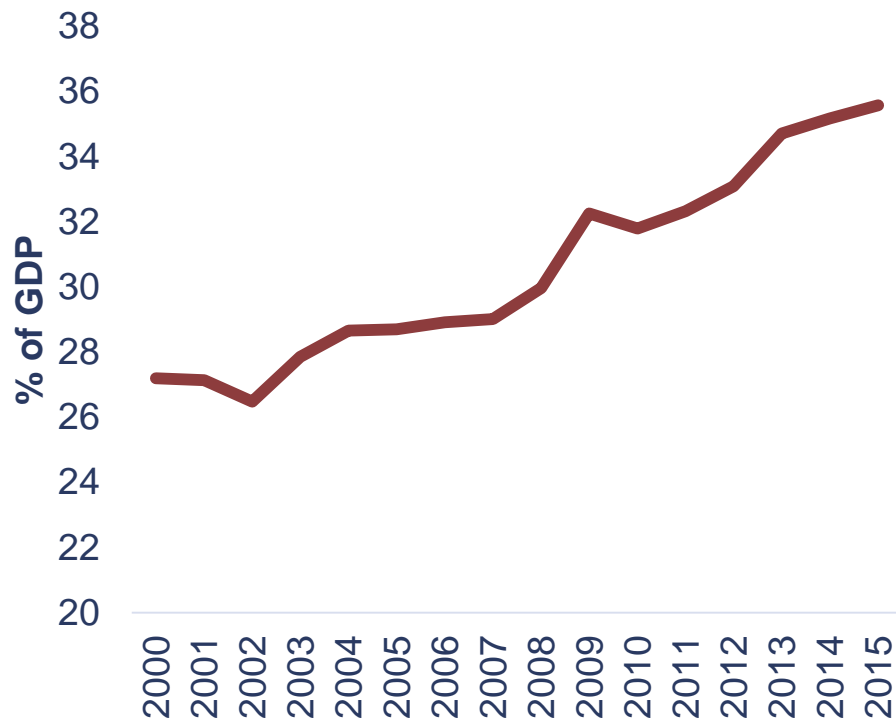
Tax revenue as a percentage of GDP, 2005-2015



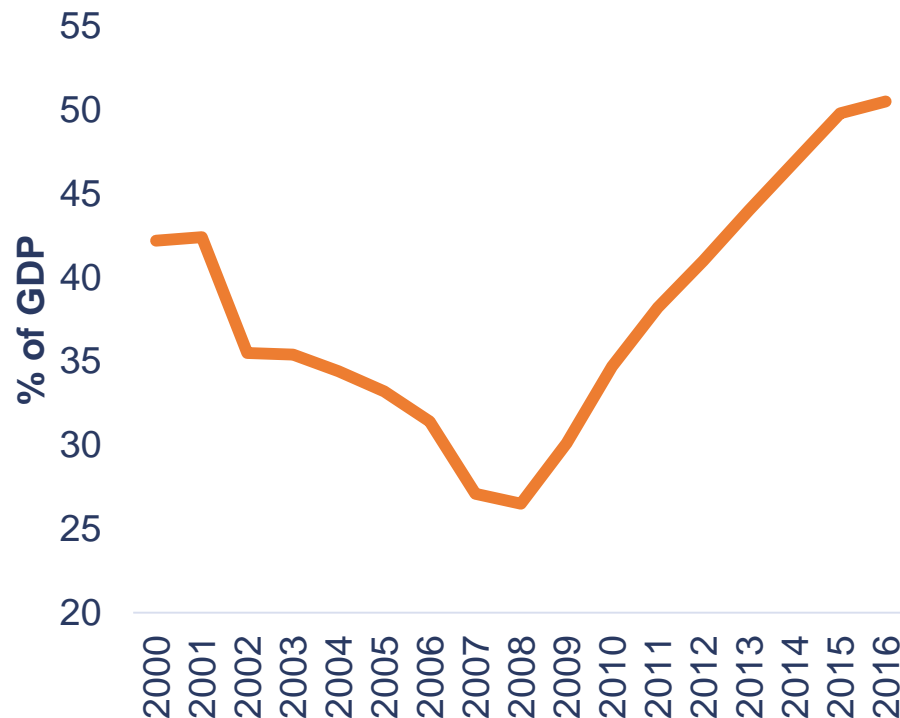
Tax revenue as a percentage of GDP, 1980-2015



**Government expenditure as percentage of GDP,
2000-2015**



**Government debt as percentage of GDP,
2000-2016**



What is the answer?

- Funding options may be taking us further away from the goal
- **Structural problems need structural solutions**
- Purchaser-provider split
- The public sector does not look the way it does due to a lack of funding
- Even in the current environment there are outliers where improved governance have led to success



We may require some funding
along the way, but for now it is a
great distraction

The real solution we need is likely
to be less costly and produce
better outcomes for all





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THANK YOU!

