

# SOCIAL HEALTH INSURANCE BUSINESS UNITY SOUTH AFRICA

BUSA welcomes any positive and significant step in the ongoing reform process towards a more effective, efficient and equitable health care dispensation in South Africa.

BUSA **strongly** supports the Government's overall fiscal policy aimed at complementing accelerated private industrial investment, income generating employment creation, foreign investment and sustainable economic growth - all of which are generally recognised as being of fundamental importance for South Africa's capacity to deliver improved health care and other basic needs, especially to the disadvantaged in our society.

BUSA reiterates its support for the primary health care (PHC) approach as the only affordable, sustainable and effective way of providing an acceptable level of health care to the majority of South Africa's people. We support the principle that PHC should be fully integrated with the other levels of health care, and therefore recommend that the **funding** of PHC also be fully integrated into the overall funding mechanisms and structures of the publicly funded health care system, which in turn should be under fiscal control and discipline. We believe that this is the only way to ensure that rational decisions are made about the allocation of scarce resources to health care, as opposed to competing needs such as housing and education.

BUSA supports the concept that the scope of PHC, or any other health care service, should not be defined in terms of a detailed list of health care interventions, but should primarily be determined by resource constraints with due regard to, *inter alia*, the cost-effectiveness criteria of the various interventions and services.

Although we appreciate the sensitivity of the issue, BUSA cautions against the promotion of any "free" service. We support the principle that co-payments, user charges and by-pass fees should primarily be used to discourage inefficient and ineffective utilisation of the publicly funded system while not deterring appropriate use by people with unmet needs who have other barriers to access. The potential and efficiency of these point-of-service payments to raise additional funding for the publicly funded health care system need further investigation and debate.

BUSA believes that all permanent residents of South Africa, irrespective of whether or not they have private health insurance, should have entitlement to **all** publicly funded health care services, including public hospitals (not excluding the possibility of a user-charge).

We also strongly support the principle that the right of individuals to use private health care providers and to insure themselves to do so should be preserved. This should continue to be on a **voluntary** basis and it should be left to the parties concerned to agree upon the nature of contribution and benefit structures of such schemes. We support the proposal that all private health insurance mechanisms should fall under the ambit of one law and a regulatory body competent to protect the interests of the insured public and ensure the sustainability of such schemes.

BUSA is fundamentally opposed to any **mandatory** social health insurance for all people in formal employment **and** the proposed levy (user charge) on private funding mechanisms.

We view these as double taxation and transparent attempts to introduce dedicated taxes which by-pass fiscal control and discipline. Especially the proposed mandatory social health insurance will have significant effects on the cost of employment in many sectors (emerging small businesses, agriculture, mining etc.) and negatively affect employment levels in South Africa in general.

BUSA is in broad support of the maximal decentralisation of health care administration of the publicly funded system with the District Health Authority (DHA) playing a central role. We believe that the administrative and risk management expertise and capabilities of the medical aid administrators and life insurance industry in South Africa could be utilised. We also strongly support the concept of a purchaser / provider split with the DHA as a purchaser of services from, amongst others, “accredited” private providers.

BUSA shares the view that there are existing inefficiencies in the procurement, distribution and utilisation of medicines in both the public and private health care sectors. We are in broad agreement with the proposals in the Report aimed at ensuring that the pharmaceutical market(s) operate effectively and efficiently. The details of the changes, and whether and how potential efficiencies and savings for the private sector could serve as a *quid pro quo* for additional funding for the publicly funded sector, needs further investigation and debate.

BUSA recommends that the matter be referred to NEDLAC timeously in order to make submissions in this regard.

In conclusion, BUSA reiterates its willingness to on-going interaction on issues raised.

JOHANNESBURG  
12 July 2005