

Press Release for distribution to online and printed media

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IMSA creates public platform for the sharing of NHI information resources

The introduction of a health system in South Africa that promotes universal access for all South Africans is imminent. Whilst the details of how such a system will work have not yet been finalised or made known, it is clearly high on the agenda for this year. A National Health Insurance system will need to consider both the funding and the provision of health care. The net result would meet objectives if it means that all South Africans have increased access to quality health care and that the cost is shared fairly by all those who can afford to contribute.

There are many views as to what the details of the approach to health care financing and provision should be. IMSA, a trade association representing manufacturers of innovative and research based medicines, does not have a particular view at this stage of how the NHI system should be designed. IMSA however strongly supports the vision of universal access to quality healthcare for all South Africans. IMSA enthusiastically embraces the NHI initiative and has identified an opportunity to make a positive contribution to making universal coverage under a National Health Insurance system a reality. The IMSA NHI project will create a web platform for substantive, independent research outputs which can become a valuable resource to the NHI architects in the process of stakeholder engagement signaled by Government.

Robust data on estimates by disease, province age and gender will be essential for future costings and planning of NHI, regardless of final design. These policy briefs are being developed by Professor Heather McLeod, well known researcher actuary and researcher in the field of healthcare financing.

The purpose of the IMSA NHI Policy Briefs and the related IMSA web-site is to put in the public domain material and evidence that will progress the technical work of developing a National Health Insurance system in South Africa.

The extension of health insurance coverage to more people under an NHI system will probably need to take place in several phases. In addition, mandatory membership has an important effect on reducing the price of health care for everyone.

According to Heather McLeod, Visiting Associate Professor, Department of Public Health and Family Medicine, University of Cape Town, in the current medical schemes environment, there is a very strong pattern of coverage by income. "Lower-income groups are unable to afford medical scheme contributions without a substantial employer subsidy. Even if all workers (earning any amount) become contributors and their insurable families thus receive cover, only 51.1% of the population would be covered for health insurance,"

she says. Currently, 54.0% of the population are in households receiving one or more social security grants. Gauteng and the Western Cape have the greatest proportion of people eligible for health insurance due to the greater numbers of people earning incomes in those provinces."

Innovative Medicines SA (IMSA) has highlighted the critical importance of working by age and gender when considering the population for universal coverage and when pricing health care. Professor McLeod has undertaken in-depth research on IMSA's behalf in this regard.

"There are very strong age and gender patterns in health care costs," she says. These substantial differences in age and gender profile between provinces will affect the price of/amount needed for health care. The Western Cape and Gauteng have more working-age adults, while adults in provinces with fewer economic opportunities have many more children. Differences like these have important implications for health care costs and requirements.

"The Western Cape has a much older profile, which translates on average to a price difference of 9.4% more needed than for the country as a whole. By contrast, Limpopo has a very young profile: it therefore needs 9.2% less for health care, on average, than the country as a whole. We also need to consider the burden of disease, particularly HIV."

In preparing to cost a future National Health Insurance system it is important to consider how the population of South Africa will change in future. Using projections from the Actuarial Society of South Africa, Prof McLeod shows that the demographic shift is rapid and increases in some age bands are very meaningful. For example, the number of women aged 65-69 is expected to grow from approximately 521 000 in 2009 to 865 000 by 2025. That represents a 66% increase, with important implications for future medicine and hospital usage.

This demographic shift means that the cost of healthcare increased by 4.1% from 2000 to 2009 and is expected to increase by 10.2% from now to 2025, based solely on age and gender differences. Future work will also take into account the cost effect of the growing HIV epidemic. The HIV cost effect would be to make both historic and future increases larger than quoted.

This demographic shift also means an increase in the number of people expected to need treatment for chronic conditions. For example:

- It was estimated in 1994 that South Africa had 53,000 new cases of cancer. By 2025 this increases to 93,000 cases a year.
- The estimate of the number of people needing to be on treatment for 25 key chronic diseases was 3.0 million people in 1994. By 2025 this increases to 5.1 million people.

Adding in the burden of the HIV epidemic which escalated rapidly in the 1990s, it is clear that the health system today is having to cope with much higher levels of chronic disease than before 1994. A future National Health Insurance system, however it is designed, will need to cope with a significantly rising burden of disease.

Summarising her research, Professor McLeod draws the following conclusions:

- Historic studies of price must be done by age and gender if we are to be able to apply them to current and future populations.
- Any allocation of funds to the provinces should take into account at least the differences in age and gender, but preferably also the disease burden of each province.
- It is important to look beyond a typical five-year planning horizon to see the longer-term demographic changes expected.
- The implication of an aging population is greater future demand for chronic medicine and hospitalisation, both of which are strongly related to age.
- There are distinctive curves for females and males, and pricing work for a NHI system needs to be done by both age *and* gender.

Neither organised employers nor organised labour have previously fully engaged with the proposed health reforms. The wider public has had almost no exposure to this debate and to material on how the implementation of a National Health Insurance system might affect them personally.

For this reason, Innovative Medicines South Africa (IMSA) has developed a guidebook entitled National Health Insurance in South Africa: An Introduction for Journalists. Education and awareness around this issue will assist in driving the reforms required for universal access to medicines.

Further to this informative guidebook, IMSA has developed an information portal for the general public which offers access to policy documents, research findings, Government legislation and many other documents. This repository of objective information provides people with a comprehensive perspective on National Health Insurance and the implications thereof on the South African healthcare environment.

For more information visit http://www.imsa.org.za/national_health_insurance



Notes to Journalists

IMSA represents manufacturers of originator medicines:

Fresenius Kabi, GE Healthcare, Genzyme, Lilly, MSD, Norgine, Novartis, Nycomed, Pfizer, Roche, Sanofi-aventis

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About Professor Heather McLeod

Heather was the first woman in South Africa to receive an actuarial bursary. She studied at UCT and after qualifying as an actuary continued with an investments qualification. Since the early 1990s she has worked in healthcare financing and was initially a consultant working with employers and unions. She joined the University of Cape Town in 1998 to develop courses in private sector healthcare financing. Heather now has appointments as a visiting professor in the Faculty of Health Sciences of the University of Cape Town and in Actuarial Science at the University of Stellenbosch.

Heather served on the Council for Medical Schemes for six years from 1999 and was a member of the Executive Committee. She assisted the Department of Health task team implementing the Medical Schemes Act and establishing the new regulatory authority. Since 2003 she has been assisting with technical work on the implementation of National Health Insurance and the Risk Equalisation Fund. She chaired the Formula Consultative Task Team in 2003 and chaired the Risk Equalisation Technical Advisory Panel (RETAP) for a further four years. In 2007 Heather was appointed to the Advisory Committee on the National Health Reference Price List. In 2009 she was appointed by Barbara Hogan to the Finance Technical Task Team which made recommendations on the health financing agenda for the new Minister of Health.

Heather has served on the Appeal Board of the Financial Services Board since 2001. In 2006 she joined the team working on retirement reform for the Department of Social Development and since 2008 has worked with National Treasury on a number of projects. She has also consulted internationally on aspects of healthcare financing and social security reform.

In the rural village where she now lives she assists a community health forum and has a particular interest in traditional and complementary medicine. She is a registered practitioner with the Allied Health Professions Council and is chair of the Traditional and Complementary Medicine team for the International Actuarial Association.

A full academic list of publications, including policy and technical papers, is available on her website.

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