



POST-PROVINCIAL MEDIUM TERM BUDGET POLICY SPEECH (MTBPS) STATEMENT- THE HEAVY BURDEN OF THE HEALTHCARE SYSTEM, CAN IT CARRY THE NATIONAL HEALTH INSURANCE (NHI)?

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On the 21st November, as the Eastern Cape Province listened to the Provincial Medium Term Budget Policy (MTBPS) Speech, the question of the health strategy in South Africa in light of the National Health Insurance (NHI) and the current state of the economy was a prevalent one.

The NHI envisions health reforms for the public. How the Departments of Health plan to tackle the current state of health to ensure the country can progressively realise the NHI's proposals for health equity, is an important question. The questions of health strategy in light of the NHI Bill needs consideration more so with the increase in provincial budget. How will this increase assist the department in preparing for the implementation of the NHI.

National MTBPS outcome:

Minister Mboweni indicated in the MTBPS that an estimated R33 billion is needed to implement the NHI on an annual basis from 2025/26 based on updated fiscal costs and limited policy reforms to strengthen the current healthcare system.¹

The National MTBPS outlined the need to improve efficiency of service delivery as a health function priority and outlined that the health patient registration system will be rolled out to improve the management of patient records and streamline management processes in health facilities.² Provinces were called upon to improve health services before the implementation of the NHI.³

The National MTBPS also outlined changes to the structure of conditional grants for health over the medium term; in particular, provinces will receive a direct grant to contract health professionals in pilot NHI districts, which is currently funded through the NHI indirect grant. In addition, the National Treasury and the Department of Health will develop a strategy to reform health grants prior to implementing NHI.

¹ National Treasury Medium Term Budget Policy Statement 2019 P.37

² *Ibid*

³ National Treasury Medium Term Budget Policy Statement 2019 P.39

Table 1: National Adjusted Budget 2019/20⁴

2019/20			
Adjustment appropriation			
Programme R' 000	Appropriation	Total Adjustment	Adjusted Appropriation
Administration	661 277	(1 100)	660 177
National Health Insurance	2 111 663	(111 108)	2 000 555
Communicable and Non-Communicable Disease	23 007 269	(210 127)	22 797 142
Primary healthcare	221 751	(900)	220 851
Hospital Systems	20 381 141	54 100	20 435 241
Health system Governance and Human Resources	5 077 589	3 680	5 081 197
Total	51 460 690	(265 527)	51 196 163

The National MTBPS saw the health budget being reduced by R264.5 million from R51.4 billion to R51.1 billion. The reduction affected essential programmes including the National Health Insurance programme⁵, which experienced a reduction from R2.1 billion to R2 billion, R111.1 million less than the appropriated budget. The primary healthcare programme also experienced a reduction from R 221.7 million to R 220.8 million, R900 thousand less than appropriated⁶ If the budget has been reduced, this will negatively impact the department's ability to effectively meet its service delivery objectives, especially at the primary healthcare level considering the timeframes for NHI implementation outlined in section 57 of the Bill⁷.

Provincial MTPBS outcome:

During the 2019 Provincial Budget speech, the Member of the Executive Council (MEC) of Finance outlined that improvements to health outcomes in the province is a result of the resourcing of health facilities with human resources and provision of essential supplies.⁸ What was omitted in the budget speech is health facilities contribution to improved health outcomes. Without the availability of facilities, those that comply and those that do not with the required standards, there would not be access to healthcare services and improved health outcomes.

⁴ National Treasury Medium Term Budget Policy Statement 2019 P.147

⁵ The National Health Insurance Programmes purpose is to improve access to quality health services through the development and implementation of policies to achieve universal coverage, health-financing reform, integrated health systems planning, reporting, monitoring and evaluation and research- National Department of Health Annual Report 2018/19 P 20.

⁶ The Primary Healthcare Programmes purpose is to develop and oversee implementation of legislation, policies, systems, and norms and standards for: a uniform district health system, environmental health services, communicable and non-communicable diseases, health promotion, and nutrition- National Department of Health Annual Report 2018/19 P 31

⁷ National Health Insurance Bill 11 of 2019.

⁸ Provincial Treasury Provincial Budget Speech 2019/20 P. 11

The deputy MEC of Finance confirmed, during the provincial MTBPS, that the economic growth of the country has been reduced from 1.5% to 0.5% in 2019 with unemployment in the Eastern Cape reported at 34.18% in the third quarter of the 2019 financial year.⁹ The current state of the economy is dire.

During the provincial MTBPS, the health budget saw the highest budget increase of all departments. The Eastern Cape Department of Health received additional funding adjusting the budget in an amount of R 576.7 million for human development. This included R 77 million towards the National Health Insurance (NHI) and hiring of health professionals to protect the health outcomes of the province, R 491 million for the National Laboratory Services and to protect the delivery of medicines and R3.2 million for a litigation unit within the office of the premier for medical negligence cases.

Table 2: Provincial Adjusted Budget 2019¹⁰

2019/20			
Adjustment appropriation			
Programme R' 000	Appropriation	Total Adjustment	Adjusted Appropriation
Administration	714 361	(43 000)	671 361
District Health Services	12 862 682	357 140	13 219 822
Emergency Medical Services	1 393 057	-	1 393 057
Provincial Hospital Services	4 090 782	(356 915)	3 733 867
Central Hospital Services	3 626 551	606 485	4 233 036
Health Science Training and Development	929 809	201	930 010
Healthcare Support Services	125 835	-	125 835
Health Facilities Management	1 446 555	12 845	1 459 400
Total	25 189 632	576 756	25 766 388

Table 2 above shows that the District Health Service (DHS)¹¹ and Central Hospital Services (CHS)¹² programmes received the highest upward adjustment in an amount of R 357.1 million for DHS and R 606.4 million.

⁹ Eastern Cape Adjusted Budget Speech 2019 P. 4

¹⁰ Eastern Cape Adjusted Budget Speech 2019 P. 5

¹¹ The District Health Services Programmes purpose is to ensure the delivery of primary healthcare services through the implementation of the District Health System. The programme is responsible for the management of healthcare services in the eight (8) districts of the province – Eastern Cape Department of Health Annual Report 2019/20 P. 65

¹² The Central Hospital Services programmes purpose is to strengthen and continuously develop the modern tertiary services platform to adequate levels in order to be responsive to the demands of the specialist services needs of the community of the Eastern Cape- Eastern Cape Department of Health Annual Report 2019/20 P.

The Health Facilities Management programme was the third largest increase in budget with R12 million adjusted to the programme. This adjustment is needed in light of the NHI Bill, which stipulates that health establishments will have to be accredited by the office of health standards compliance and the NHI fund¹³ in order to offer healthcare services to the population.

The Office of Health Standards Compliance (OHSC) in its 2016/17 inspection report outlined that it inspected 649 of 3816 public health facilities in South Africa to determine compliance with national standards. The national average percentage outcome was measured at 52%. The facilities that were inspected were scored against the national average. Three provinces: Gauteng (61%), KwaZulu-Natal (57%), and Western Cape (56%) had an average percentage outcome score higher than the national average. Eastern Cape and Limpopo provinces had the lowest average percentage outcome score of 43%¹⁴. This is an indication that health facilities in the Eastern Cape still require a substantial amount of work to get them NHI ready.

In her Budget speech, the Member of the Executive Committee (MEC) for Health, Ms Sindiswa Gomba stated that there is a substantial infrastructure backlog. She went on to confirm that the new administration's policy focus has shifted from building new infrastructure to maintaining existing infrastructure stock shifting the infrastructure budget from building new mega structures to minor refurbishments. While it is important that the administration focus on existing refurbishments, it is equally important that in this time, the ECDoH map out healthcare establishments in the Eastern Cape in preparation for the NHI. The realization is that people are still living more than 5kms from the nearest healthcare establishments and in the rural parts of the province, people have to walk through dense forests to get to a clinic as was the case in [Xhora Mouth](#), Amathole Region. At some point, the department will need to revise its infrastructure plans and start planning for the building new facilities throughout the province and when this happens; it must know where the most need lies.

While the ECDoH and its programmes may have received an increase in budget, which is welcome, how the Department and programmes use the allocated funds is most important. For the department of health to achieve a state of public healthcare, which is equitable to all; plans and budgets should translate to service delivery through good financial, performance and project management, supported by the fair and transparent procurement of goods and services¹⁵.

The Public Finance Management Act¹⁶ (PFMA) defines Fruitless and Wasteful expenditure as expenditure that could have been avoided had reasonable care been taken. Unauthorised involves the overspending of a vote or a main division within a vote. It is expenditure that is not made in accordance with the purpose of the vote. Wasteful and Irregular expenditure is defined as means expenditure incurred in contravention of applicable legislation¹⁷.

¹³ Section 39 of the National Health Insurance Bill.

¹⁴ Office of the Health Standards Compliance 2016/17 Annual Inspection report P. 16 (Accessed on 28 November 2019 at <http://ohsc.org.za/wp-content/uploads/OHSC-2016-17-ANNUAL-INSPECTION-REPORT.pdf>).

¹⁵ Public Finance Management Act Consolidated General report on National and Provincial audit outcomes Chapter 6, Management and Delivery of key programmes P. 60

¹⁶ Act 1 of 1999.

¹⁷ Section 1 of the Public Finance Management Act 1 of 1999.

Table 3: Fruitless, Wasteful, Irregular and Unauthorised Expenditure 2018/19¹⁸

Fruitless and wasteful expenditure R'000	Irregular Expenditure R'000	Unauthorised Expenditure R'000
1.224	295.570	569.350

Table 3 above outlines the amount of budget lost to Fruitless, Wasteful, Irregular and Unauthorised expenditure. In total, an amount of R 743. 5 million has been spent on the unauthorised, irregular, fruitless, and wasteful expenditure for the 2018/19 financial year. Of the R 576.7 million additional funding to the department, stricter measures must be carried out to prevent funds directed towards the service delivery being spent on anything other than.

Preparing for the NHI vs Medico-Legal Claims:

Medical legal claims against provincial health departments continue to increase, from R80 billion in 2017/18 to R99 billion in 2018/19. Payments against these claims amounted to R2 billion in 2018/19, compared with R1.5 billion paid out in 2017/18¹⁹.

During the provincial MTBPS, the Eastern Cape received R 3.2 million that was directed to the Office of The Premier to deal with medico-legal cases. In the ECDoH's 2018/19 annual report, a lot of the programmes' over and underspending was a result of the settlements of medico-legal claims²⁰. In the Department of Health's half-year financial and non-financial oversight report for the 2019/20 financial year, the department outlined medico-legal claims as the reason behind its deviation from its budget spending to date²¹.

There are a substantial amount of funds that are being spent defending or investigating medico-legal claims to the detriment of the attainment of service delivery objectives and targets.

There is a lot of work, which needs to be done to improve the current state of public healthcare. If millions of rands continue to be poured into addressing medico-legal claims and other expenses which do not have anything to do with service delivery, the country will be forced to wait even longer until Universal healthcare can become a reality.

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¹⁸ Eastern Cape Department of Health 2018/19 Annual Report P. 17

¹⁹ National Treasury Medium Term Budget Policy Statement 2019 P. 50

²⁰ Eastern Cape Department of Health 2018/19 Annual Report P.15-17

²¹ Eastern Department of Health Half year financial and non-financial oversight report 2019/20 P. 12 and 13