

Business Report

Faults in NHI pilots threaten its roll-out, MPs told

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By Londiwe Buthelezi.

Chronic underspending of grants, disappointing performances in some pilot regions and allocation of budgets in the “wrong” areas were threatening the progress of National Health Insurance (NHI), the Financial and Fiscal Commission told parliamentarians yesterday.

The commission said not only had it noted serious underspending on NHI grants, there had also not been any audited financial performance of these grants for two years since the national Department of Health started allocating them to provinces.

Eddie Rakabe, the programme manager at the commission’s fiscal policy unit, told the portfolio committee on health that spending discrepancies on the NHI would have a negative impact on the roll-out of this universal health-care coverage scheme.

“There is no proper planning that precedes the allocation of the grants and there is no clarity on what they seek to be doing and how they should be spent. If the grants continue to underperform, this may likely undermine the implementation of the NHI in future,” he said.

In the medium-term expenditure framework, R291 million was allocated for NHI grants in the 2013/14 fiscal year.

The allocation rises to R420m for 2014/15 and to R444m for the 2015/16 fiscal year.

The commission said the performance of hospital revitalisation grants was just as poor. Delays by contractors in completing projects had not been addressed and additional costs were being incurred to correct sub-standard work.

“We also found that infrastructure needs are not being identified correctly... in the East Rand, a hospital has been built but there is no operational budget to run it,” Rakabe said.

The committee identified the minute budget allocation for primary health care as a major setback in preparations for the full roll-out of the NHI. Out of the six national health budget programmes, primary health-care services had the smallest budget allocation at R109m in the 2013/14 financial year.

The committee said that with such a low budget allocation, it did not see primary health care reaching the levels of effectiveness and efficiency required for the roll-out of NHI.

ANC MP Tandiwe Kenye, a committee member, said: “There is a higher allocation for administration. What comes first in the re-engineering of primary health care? The allocation doesn’t impress us at all. I don’t think NHI should be undermined like this, where even administration gets a bigger allocation.

But the commission told MPs that most of the primary health-care spending was reflected on the records of provinces and that the figure was actually higher.

Beatrice Ngcobo, also an ANC member of the committee, said that even though some of the NHI pilots had not gone well and plans had not progressed as fast as expected, it should be taken into account that the NHI was still in the making.

Nomonde Madubula, the senior researcher at the commission’s fiscal policy unit, said a study was being done. After its completion, the commission hoped to expand the public health budget to 5 percent of gross domestic product (GDP). This is the World Health Organisation’s recommended proportion of spending on health.

In 2012/13, the health sector accounted for 4 percent of GDP and the commission said this was expected to decline to 3.9 percent in the current fiscal year because of budget cuts and a slowdown in the growth of conditional grants.

<http://www.iol.co.za/business/companies/faults-in-nhi-pilots-threaten-its-roll-out-mps-told-1.1590154#.UlehrY0aL5o>