

Billions wasted, unused in public health

June 4 2014 at 08:00am
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Johannesburg - While the overall public health budget increases every year, the Financial and Fiscal Commission's (FFC's) division of revenue submission shows that the rate of growth in provincial health expenditure has been declining.

Real growth in compensation of employees decreased by 7 percentage points between the 2007/08 and 2011/12 fiscal years. It decreased by 2 percentage points for goods and services and by 7 percentage points for capital payments.

A large chunk of funds that should have been spent on these categories has been going to waste or to fund the wage bill in the hospital sector. The FFC's submission shows that in 2012/13, R4.76 billion was recorded as wasteful expenditure in public health care.

The waste arose mostly from inefficiencies, including longer-than-average stays in hospitals, a breakdown in the referral system and non-adherence to treatment regimes by patients, among other things.

Overuse of health services accounted for R970.8 million of the wasteful expenditure while underuse wasted a fat R3.79bn.

In its analysis measuring how efficiently resources are used in district health-care facilities, the submission shows that only the Western Cape has a bed utilisation rate averaging above 75 percent, the benchmark set by the national Department of Health. On the other hand, cost per patient days in the other provinces was higher than the guidelines set by the national department.

But while the department has been tightening up on efficiencies in order to channel every spare cent towards infrastructure spending, most expenditure falls out of its scope.

Provinces control about 90 percent of South Africa's public health-care spending, or close to R100bn in real terms. And the largest part of the budget is consumed by district health services, which is where primary health-care facilities are located.

The commission said that despite the substantial budget allocated to the districts, no improvement had been observed. Instead, inequities in health access widened.

Health economist Alex van den Heever, who holds the Old Mutual chair of social security systems, administration and management at Wits University, said budgets for district health services had grown much faster than the gross domestic product since 2007 but benefits had not been realised. "The question is where are the increases that undermined the allocations to hospitals going? Are we getting value for that money?"

The commission recommended that provincial departments increase their allocation levels for primary health-care funding to be in line with the minimum norms and standards set by the national department.

Van den Heever said people should be careful about reaching such “dangerous conclusions” as the public sector had nearly destroyed the hospital system already by reducing infrastructure funding to make way for salary increases.

“We should be looking at hospitals, because if we continue like this, we’ll have to replace a large proportion of our hospital system and it will be very costly,” he said.

In February, Minister of Health Aaron Motsoaledi said several of the country’s hospitals had deteriorated beyond repair and had to be demolished and rebuilt.

Although money has been poured into district health services to invest in primary health-care facilities, about 870 clinics in the National Health Insurance pilot districts still had to be refurbished and re-equipped as they had not been properly maintained.

There is no overarching primary health-care financing policy in place, but the national Department of Health has set out the minimum norms and standards for these facilities in all provinces.

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