

ACCENTUATING THE IMPORTANCE OF HUMAN AND FINANCIAL CAPITAL IN THE IMPENDING ROLLOUT OF THE NATIONAL HEALTH INSURANCE SCHEME IN SOUTH AFRICA: AN IMPERATIVE FOR SERVICE DELIVERY

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ABSTRACT

This paper emanates from the PhD thesis submitted by the principal author, S.M. Ndlovu to the Graduate School of Business Leadership and Management, University of KwaZulu – Natal, Durban South Africa in 2012. The paper deals with important issues as concerns South Africa, in terms of human and financial capital in the rollout of the proposed National Health Insurance Scheme (NHI) mooted by the South African government. It therefore bears relevance to the implementation of the proposed NHI plan. It argues and discusses the importance of human and financial capital necessary for successful implementation of the NHI in respect for service delivery. The paper does not pretend to capture all of the subtle nuances of this controversial issue in South Africa, because it invokes much emotional conversation. It however, attempts to place the subject matter at hand into the realm of public, professional and health delivery debate within the country. It is hoped that the paper will in some ways stimulate reasoned debate in respect of this complex, vexing and important issue.

Key Words: Service Delivery, National Health Insurance, Government, Characteristics, Human and Financial Capital, Healthcare

INTRODUCTION

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and the Patients' Rights Charter (Online) guarantees all citizens the right to basic healthcare services (South Africa, 1996). Furthermore, the White Paper on the Transformation of the Public Service (South Africa, 1997) states that "the delivery of healthcare should be guided by the principles contained in the framework of the Batho Pele (People first) framework. Internationally, governance has emerged as a focal point in the discipline and practice of public administration and its nature, extent and characteristics have changed the environment within which public administration functions. Therefore, according to Nealer and Raga, 2007: 171) "Public Administration as an integrated paradigm has to achieve, maintain, enhance and sustain the collective promotion of the spiritual welfare of society." It is within this context that the paper will argue via a balanced view the importance of service delivery in local government and national South African government departments, from both a positive and negative viewpoint to understand the subtle

nuances of the proposed National Health Insurance Scheme (NHI). An understanding of the service delivery component is therefore vital for an understanding of the proposed implementation of the NHI. Democratic South Africa, post 1994 has come a long way in terms of segregated institutions under apartheid. Since 2001, far reaching changes have taken place in South African local government municipalities and national government departments.

To ensure effective and efficient service delivery of public services, government in South Africa, will have to deal with the most important and urgent societal needs. In so doing, it will have to prioritize the issues in a more coordinated, pro – active and macro goal – oriented manner. One of these important issues is the all embracing reality that, the majority of South Africans, particularly the black majority, who were completely and historically marginalized and disadvantaged by the apartheid regime, were left out of the mainstream health services of the country and thus denied access to sustainable and efficient healthcare. This has rightfully prompted the democratic government to intervene by proposing the implementation of the NHI scheme, in order to deal with this vexing and challenging issue. Its proposal has received much criticism from various quarters, for various reasons. It is therefore important to look at the human and financial capital that will be required in terms of successful implementation of the NHI plan amidst a host of other variables.

IMPROVEMENT STRATEGIES

It is vital therefore that, various key role players come to the fore in terms of government's quest to improve the standards of public service delivery in the country. By the same token Integrated Development Plans (IDP'S) must ensure that there is sufficient capacity and infrastructure grants to operationalizing service delivery. In order to facilitate and maintain improved public service delivery at the grassroots, more effective intra and inter, as well as extra – governmental relations are essential. It is therefore vitally important that cooperation and coordination be achieved between all the departments at both local and national government levels, involved in service delivery of any kind, especially because of the limited nature of public resources. It is therefore also necessary to forge public private partnerships (PPPs) to ensure service delivery. In order to improve the organizational structuring and planning of the South African government, "the provincial sphere of government should be merged into the national and local spheres and the functions and legislative authorities of municipalities must be increased to bring about more effective and efficient greater city government. In order to action national plans of great importance" (Craythorne, 2006: 42).

Communication has to be improved together with coordination among key role – players, political office bearers, municipal and local officials, national and provincial departments, community organizations, residents, the private sector and NGO's, in order to see that plans are implemented as agreed and for purposes of more effective, efficient and economic local public service delivery. In the implementing of a host of projects including the NHI communication bears absolute relevance for its success and can be achieved by promoting grassroots democracy and popular participation in development. These are but a few variables amidst a host of other important variables that require attention by all spheres of government.

SERVICE DELIVERY IN PUBLIC AND PROVINCIAL HOSPITALS

Healthcare organizations and hospitals have an important role to play in the growing service industry of South Africa. They are the only organizations that directly provide human healthcare. In this regard numerous and a host of varied measures and indicators exist for measuring the quality of healthcare of which one of the most important indicators is patient satisfaction. This satisfaction, delivery and access of healthcare in South Africa has been tarnished by the policies

of the former apartheid regime, and will linger on for a protracted period of time before any redress is seen within the democratic healthcare system of South Africa. It is against this limited background provided that the government of South Africa proposes the NHI scheme, for purposes of access and universal coverage of healthcare. It is also being mooted and promulgated on the basis that private healthcare is too expensive. It does not allow access to the majority population and caters for a privileged minority. It is obvious therefore that “customer satisfaction will drive the success of the proposed NHI in terms of access and profitability and is therefore, a vital measure of performance for firms, industries, and national economies” (Anderson and Fornell, 1994). “Satisfying patients can save hospitals money by reducing the amount of time spent on resolving patients’ complaints” (Press et al; 1991) and the “quality of health care can be improved by eliciting patient preferences and customizing care, to meet the needs of the patient (Macario et al; 1999). The patient’s voice must begin to play a greater role in the design of healthcare service delivery processes. In addition, the emerging healthcare literature suggests that patient satisfaction is a dominant concern that is intertwined with strategic decisions in the health service” (Andaleeb, 2001).

Research has shown that the services provided by a company or institution can be measured by determining the discrepancy between what the customer wants (expectations) and how the customer experiences the service (perceptions). Customer expectations are formed by word – of – mouth communication, personal needs, past experience and what and how staff communicates to the customer“ Zeithamlet et al; 1990). The citizens of South Africa deserve efficient and effective delivery of healthcare services and this demand has increased in recent years because the country has experienced pronounced service delivery protests. Public healthcare therefore, should promote innovation in medical facilities, cost containment and the promotion of domestic medical technology. According to Bovens, Hart and Peters (2001), South African healthcare institutions and government are bound together in a symbiotic relationship within the health sector that includes healthcare costs, institutional arrangements consisting of professional medical associations, medical aid schemes, hospitals and clinics and improvements in public sector service delivery in government hospitals” (Antonsen and Greve; Bovens, Hart et al. 2001). These are the principles that the NHI is attempting to address and implement in relationship to access, quality, and costs and for purposes of creating a symbiotic relationship with all roll players in order to secure health for all South Africans in an acceptable and equitable manner.

ORGANIZATION OF WORK AND OUTCOMES IN HEALTHCARE

The study of the effect of patient – centered care on patients and employees draws on a growing body of literature on the organization of work in healthcare. Although the direct assessment of work practices and performance in healthcare follows similar enquiries in other industries, researchers have examined the relationship between a variety of work arrangements and patient care indicators. For example, researchers have studied the “relationship between human resources (HRM) practices, teamwork and relational coordination. And the quality of patient care (See Gittell et al; 2010’ 2008; West et al. 2006; Preuss, 2003; West et al. 2002; Borrill et al, 2000; Aiken, et al; 1994).” West et al (2002: 1305) provided of the “first comprehensive analyses of the link between work practice and healthcare – related performance outcomes.” The literature has identified five dimensions of the patient – centered delivery care model: (1). “Access to care; (2). Patient engagement in care of patient preferences; (3). Patient education through information systems; (4) coordination of care across hospital staff; and (5). Emotional support for patients” (Aude et al, 2006; Bergeson and Dean, 2006; Davis et al. 2004; Fiach et al.

2004), for similar dimensions, see Corrigan et al. (2001: 49). These are fundamental aspects that have to be factored into the NHI equation of implementation.

THE ROLE OF EMPLOYEE TURNOVER

One of the ways in which patient – centered care have an indirect effect on quality of care is through its emphasis on employees’ working conditions (Rathert and May, 2007). Patient – centered care places the patient at the centre of the process and, in this regard Huselid (1995) provided strong empirical support of the mediating role of turnover in the relationship between high performance work systems and financial performance. This evidence suggests that the effects of dramatic workplace innovation were delivered, in part through decreasing turnover. Batt (2002) found that “turnover rates arise from the effects of work restructuring and organizational outcomes.” The theoretical foundation for this relationship cannot rest on the simple cost of turnover argument, since the reduction of medical errors and the increase in patient satisfaction are not as responsive to turnover cost reduction as sales and financial performance might be high. Irrespective of these arguments, South Africa faces a crisis currently because there are insufficient healthcare professionals in various disciplines within the healthcare system. There is a reliance on expatriate healthcare professionals in South Africa. This is exacerbated by many South African health professionals, especially medical doctors and nurses relocating to other countries because of better working conditions. The NHI therefore will be saddled with this chronic problem and therefore ways of overcoming this problem and challenge will be crucial for successful implementation.

PROBLEMS EXPERIENCED BY PROVINCIAL HOSPITALS IN SOUTH AFRICA

The need for the South African government to urgently address the state of national healthcare places great pressure on its resource base, particularly against the background of its extensive portfolio of transformation priorities (cf. South Africa, 1995: 5.1). Tepperman (2002: 131) rightly asserts that “transitional governments come into office with many priorities and obligations yet few resources and therefore, the approach taken will be problematic and incomplete and this fails to create an enabling environment for implementation, acceptance and agreements. In addition to resource constraints, inefficient administration which is a feature of South African bureaucracy, theft, mispending, misallocation, under – spending, weak accountability, patronage and other issues plague the hospitals in most provinces of the country. According to Smith, 1999) “all of these factors. And more lead to budget cuts, even while the goal of an improved health service remains real and increasingly urgent.” Despite these realities, Mitchell (1998: 2) cautions that managed care organizations have the obligation to prove to their clients that cost containment, even due to limited resources, does not necessarily imply that the quality of the service rendered is being compromised. The difficulty of attaining this stated obligation is undoubtedly increased in an environment of the National Health Service (NHS) because, it is haunted by a history of inefficient and discriminatory service delivery under apartheid and the inefficiencies post 1994. “Health services are fragmented, inefficient, ineffective, and resources are grossly mismanaged and poorly distributed. The situation in the rural areas is bad and the primary healthcare services have come to a grinding halt.” (Karodia, 2008).

Due to their levels of indigence, the majority of patients that make use of provincial hospitals have no option but to do so, despite the allegations of inefficient service delivery because hospitals are on the brink of collapse (Gauteng Provincial Government, 2001, online). This is characterized by assaults by nurses on patients, theft, inaccessibility and patients being turned away (Taitz, 1998; Van Niekerk et al, 1992: 61 – 64; Blumfield, 2002). Given this unacceptable

scenario, it is crucial that attention be paid to ways of increasing quality of services in South Africa, before any consideration be given to the implementation of the NHI. It is clear that a veritable sea of change is required within the national healthcare system, because the quality of services has been overtly compromised and therefore the expectations of both the NHI and management and the rating of hospitals have been severely downgraded by critics and rightfully so. The health services have to be geared towards the satisfaction of the consumer / patient and particularly in unison with the felt needs of the historically marginalized or the NHI will be an exercise in futility.

Zeithaml and Bitner (1996: 124) points out that “satisfaction is an internal and personal matter, and is influenced by perceptions of service quality, product quality, price, situational and other personal factors. In South Africa patients have no yardstick to measure quality, exacerbated by collapse and morass. It therefore, is an indictment to any measure of implementation of the NHI. These issues have to be very seriously addressed in upgrading the NHS first before costly programmes of the necessary NHI are implemented. It is against this brief background that the National Health Insurance will be further elaborated upon and discussed.

NATIONAL HEALTH INSURANCE (NHI) – FINANCE AND HUMAN RESOURCES CAPITAL

Does South Africa have sufficient human and financial capital, let alone the management capacity, to give birth to and nurture to full maturity the anxiously awaited National Health Insurance (NHI)? Debate during the South African Medical Association (SAMA) NHI conference in Gauteng Province in October 2010 was fierce and hostile, but all 360 delegates agreed as follows: “Without urgent reform of the public healthcare system, any NHI will at best splutter along, ailing and unable to achieve its vital and noble goals. The private sector and SAMA are keen to help, but want more details” (Bateman, 2010:100: 791 – 793). Bateman (2010) notes that the “core debate during the two – day conference concerned the essential ingredients for tailoring an appropriate and effective NHI.” The Minister of Health “diagnosed the cause of the malaise as a destructive, unsustainable, expensive curative health system, where he quipped, each of the 50 million South Africans seems entitled to one major disease per year. His 10 point treatment plan highlighted what is wrong, pointing to a historical lack of leadership or social compact with role players. He admitted that hospital hygiene and infection control are ‘dismal’, that there is a dire lack of minimum standards, and openly complained that the planning and development of human resources had “gone completely haywire” (Motsoaledi, 2010).

TREATMENT PLAN

According to the Minister of Health (Motsoaledi, 2010) “poor infrastructure was being addressed via the renovation of five major hospitals, the cost of which would exceed the construction price of all Soccer World Cup stadia. There was finally a realistic and comprehensive plan to tackle the HIV /AIDS pandemic, with targets, best treatment protocols, major financing and drug supply cost containment and improved drug supply chain management tools. There will also be a “pragmatic rationalization” of some 60 000 community development workers while the overall drug policy, acquisition, supply chain and expiry / wastage were being probed and overhauled.” Expanding on several points the Health Minister (2010) said “the nursing curriculum was completely ‘messed up’ when colleges were closed down and the decision taken in 1986 to only train via universities, resulted in ‘army commanders and no riflemen’ (one estimate is 98 000 professional nurses to 35 000 enrolled nurses). Eight medical schools had produced only 1200 doctors for the past eight years, illustrating the dire need for a ninth school. Keen to illustrate just how far the government had moved from the denialism and obfuscation of the former President

Mbeki and former Health Minister Tshabalala – Msimang era, the Minister said that the overall plan was aimed at countering a forbidding fourfold epidemic of HIV / TB, maternal, new born and child mortality and morbidity, non – communicable diseases, and injury and violence. “Most of the other countries are spending less for far better health outcomes. The spending in South Africa has not ken. Is this money or mismanagement? Mismanagement is clear, but spending also declined at a time when the burden of disease was increasing.” He further added that: “Bantu Education’ had left the country “with a monster in our midst,” where most locals compared poorly with residents of other Southern African Development Community countries (SADC). Worse still, South Africa bears 17 percent of the world’s HIV pandemic (with just 0.7 percent of the global population) – 23 times the global average. TB prevalence was the world’s worst at seven times the global average, while HIV / TB co - infection stood at 73 percent. There was a drastic rise in maternal and child morbidity and mortality; figures that were embarrassing and have soared way above the Millennium Development Goals, whilst other countries are showing improvements.

REDIRECTING RESOURCES AND COST DRIVERS

The Chairperson of the NHI Ministerial Advisory Task Team in 2010 indicted that “the project’s success and incremental roll – out from 2012 would cost R128 billion, nearly tripling to R375. 5 billion by 2025. That, it would be built on the ‘redirection’ of resources through stringent budget measures and the identification of cost drivers (Olive Shisana, 2010). Given the controversies in terms of ARV’s in South Africa, under former President Mbeki’s views on the rollout of ARV’s which together with equipment was considered the biggest and most expensive cost drivers at that time. The other cost driver that was identified was the healthcare staffing crisis which showed a disproportionate increase in management and administrative structures at both national and provincial level. There is also a need for supportive legislation and minimum standards for compliance. For any success to be tangible it would be necessary that NHI hospital accreditation be improved and that management standards are drastically improved by means of audit of all hospitals. This process is too slow given the time frames for the implementation programme and the resources provided thus far are inadequate. Given the status of public hospitals in South Africa which are completely run down and inefficient, it is not possible at this stage to compete with private hospitals in respect of facilities, quality of staff, resources, equipment, cleanliness, and a host of acceptable variables. There has also to be a change of attitude and increased professionalism at public hospitals that is sorely lacking at present. Clinical standards will also have to be urgently addressed. Currently the district health system which was aimed at primary healthcare is not functioning as well as anticipated and is faced with tremendous real problems. In reality the primary healthcare component is virtually non – functional. This strategy is supposed to be at the core of the entire health strategy. This situation will compromise the implementation of the NHI. All of this is of great concern and would compromise the NHI. The issue of cost drivers is vast and complicated and goes beyond the scope of this paper.

REFORM

Van der Heever (2010) observed that reform promises do not mean a lot, if one has seen them before, and that the promises of the past in terms of the importance of the district health system has not materialized. This is exacerbated by a major performance problem in the delivery of public services with education matching health with regards non – performance. This is due to poor governance and accountability and evidence is being ignored by government.” It has to be recognized that in terms of financing of the health sector, no peer developing country has spent 8 percent of Gross Domestic Product (GDP). South Africa envisages this from its current 3.4

percent allocation. The government's projected 7 percent growth rate for 13 consecutive years, given that the economy is growing at between 1.8 and 2.3 percent and complicated by the economic recession, poor productivity and poor performance in respect of productivity and the general inefficiencies within the public sector is wishful thinking and not based on financial realities. According to Twine (2011) "healthcare expenditure will consume between 22.8 and 28.2 percent of all government spending and up to 8.5 percent of GDP by 2015. If GDP remains as low as 2 percent, as it did for 20 years between 1975 and 1995, the NHI would simply be unaffordable." Perhaps the government of South Africa is chewing beyond its league and has to revisit its implementation model before any implementation of the NHI is considered. It is an idea that is necessary and is the first in the continent of Africa and demonstrates a commitment to fight poor service delivery, but more importantly to allow for universal coverage of healthcare to the historically marginalized majority black population of the country.

HUMAN RESOURCES DEVELOPMENT IN PUBLIC SECTOR HOSPITALS IN SOUTH AFRICA

The public sector is the largest employer in South Africa. Given this fact the government has to invest in skills and the capabilities of public servants. The United Nations Committee of Experts on Public Administration (2002: 3) states that "building public sector human capacity in terms of knowledge, skills, motivation and commitment, networks and mastery of information technology is fundamental and crucial to the effective and efficient translation of the values, objectives and goals of government." Although there is a commitment to these principles by the South African government, it is more lip service than tangible action. There appears to be a lack of political will to undertake this essential task. According to Rapea (2002) "commitment is about the government's resolve to develop its people and practical evidence that actually takes place in a planned and systematic manner. It is about increasing performance and developing and managing human resources." In order to achieve tangible outcomes, there has to be a clear demarcation of tasks and responsibilities, given to line managers, who must control and ensure that objectives are achieved without deviation. The Human Resources Development Strategy (HRDS) was adopted to support a holistic approach to training and development in the public sector. The HRDS ensures that different components of the state work together to deliver opportunities for human development. The strategy deals with:

- The development of human resources and their results.
- The challenges facing human resources development and the problems to be addressed.
- Supporting interventions.
- The integrated Human Resources Management System

It is against this background that government must manage economic development. According to the HRDS study conducted in 2002 (DPSA, 2002: 15), the public sector of South Africa faces the following challenges:

- Ensuring effective service delivery.
- Shortage of skilled labour and limited resources.
- Complex organizational structures.
- Lack of information systems.
- Poor performance in the public service.
- Poor financial practices.
- Poor interface between systems.
- Impact of HIV /AIDS.

Against the background of the issues raised above, it is necessary to briefly discuss the effectiveness of the human resources training programme in public hospitals in South Africa.

EFFECTIVENESS OF THE HUMAN RESOURCES TRAINING PROGRAMME IN PUBLIC HOSPITALS

Senge in Boyette and Boyette (1998: 82) states that “as the world becomes more interconnected and business becomes more complex and dynamic, work must become more meaningful.” Developing a learning organization implies switching from traditional training to organizational learning. In order to provide services to people successfully, organizations must ensure the correct human resources, in order to promote and acquire knowledge and skills. This must be rooted in the following:

- Organizational development.
- Training and development.
- Organizational Analysis.
- Operational analysis.
- Personal analysis

All of the above must be considered within the framework of (1). Strategic learning; (2). Action learning; (3). Leadership development; (4) Monitoring and evaluation of training. These are some of the issues that require serious consideration, revision, and action before any consideration of the implementation of the South African NHI is considered by government. Human resources within South African hospitals are a most neglected area of operations management, which compromises service delivery and increasingly tarnishes the credibility and image of the government of the day. The health crisis in South Africa is real. To this end it requires the commitment of all stakeholders that are involved in the healthcare system, including the paying public that, use these facilities.

CONCLUSION

The importance of finance and indeed human resource development for any intervention strategy in respect of the NHI cannot be under – estimated. Their importance is cardinal to the success of the NHI. The rollout of the NHI is a given and it should become an imperative for service delivery, in order to allow access by means of universal coverage to all South Africans, particularly the predominantly and historically excluded and marginalized black citizenry of South Africa. The main aim of developing the public sector employees that man the public healthcare system of the country is to ensure that they all acquire the necessary skills, knowledge and expertise to execute their functions in the best way possible. Training and development policies need to be implemented effectively as a routine and resources should be made available to support policies that are necessary to overhaul and construct a democratic South Africa. By the same token adequate research and consultation must be undertaken in order that policies become effective, in the interests of the population at large. The NHI as noble a policy that it is is but one important issue that requires discussion in an unemotional manner before, it is implemented in South Africa. To this end human resources development, the upgrade of public hospitals, the economic parameters and financing will be crucial in respect of successful implementation of a programme that is essential to South African healthcare. The state needs to get its house in order because it will face immense criticism and challenges from the elite and above all a functioning private healthcare system. South Africa has the opportunity to intervene, but it will have to intervene correctly if the NHI is to be a success.

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