

Reflection on Governance Pitfalls to avoid in the National Health Insurance

The presentations and inputs made during this afternoon's session point to the fact that discussion on the implementation of National Health Insurance is considerate of the various governance challenges or difficulties that can be foreseen at this stage. The National Health Insurance Conference on "Lessons for South Africa" held in December last year recognised that governance systems must be strengthened and also identified some focus areas for this purpose.

My aim in this session not to repeat the lessons and information discussed but to reflect on some governance challenges that are often mentioned or indicated in discussions around National Health Insurance.

1. The first is the concern that existing governance challenges will be "transferred" from the current dispensation to the NHI. It is important to recognise that the role players and functionaries in the public and private sectors, participating in the current dispensation will probably make their appearance in the NHI. This is a real concern if moving to NHI will simply see us placing existing role players or participants in a new structure without changing behaviour, thinking processes and enhancing competencies where necessary. As a starting point, the transference of governance limitations from the current dispensation to the National Health Insurance needs to be avoided. Practically, a systematic and in-depth assessment of the state of governance in the current dispensation, the identification of failures and causal factors may assist with developing interventions to avoid this potential pitfall.
2. A second challenge relate to the negative impact that a lack of role clarity will have. Listening to previous speakers today discussing some of the lessons learned at the pilot sites, it is clear that role clarity at a macro as well as micro level is a prerequisite for strong governance. This is important in the context of the complex and multi-layered governance system that will be necessary in the NHI. Uncertainty and turf wars undermine organisational and individual performance. Appropriate governance arrangements supported by stakeholder engagement and clear rules of engagement are of course necessary but to my mind, role clarity, integration and co-operation are

all associated with firm and resilient leadership from authorities who are in touch with the realities and challenges faced on the ground.

3. A third challenge relates to the magnitude of the control environment in National Health Insurance. We know that a sound control environment is essential to meet the requirements of accountability and transparency. To quote the experts, “An effective control environment is one in which competent people understand their responsibilities, the limits of their authority and are knowledgeable, mindful and committed to do what is right and doing it in the correct way. Employees in this environment are committed to following an organisation’s procedures and policies and its ethical and behavioural standards”. Establishing effective controls does not only refer to establishing and communicating written policies but also involves ongoing scrutiny to assess the functioning and effectiveness of controls; and of course, testing compliance. What makes this a challenge in the context of National Health Insurance will be the size of the system in respect of role players and the range of policies and procedures required, especially when the work to be done in the clinical governance arena are taken into consideration. The main point here is that the building blocks of National Health Insurance should include the necessary capacity to establish and maintain a sound control environment.
4. Considering the well documented challenges hampering the South African health system, a reflection on governance pitfalls cannot be complete without considering the role of beneficiaries. Enabling the recipients of healthcare to report problems, submit complaints and suggestions for improvement can strengthen governance by revealing unacceptable practices and poor service delivery. However, there are also associated challenges in an environment where rationing must take place and where consumers do not have the clinical knowledge to assess treatment options. A challenge to be addressed is managing patient expectations. In reality, beneficiaries should be educated on their rights and the most efficient way of raising concerns. Focussed beneficiary communication and education will assist here.

I want to close-off by confirming that there are governance challenges that may hamper the implementation of National Health Insurance and the system’s ongoing performance. However, we have the necessary skills, experience and expertise available

in South Africa to interrogate and address these challenges. We have numerous institutions and bodies specialising in good corporate governance active in this field and I trust that they will also participate in ongoing consultations.

Thank you