



# Providing Affordable Healthcare in an NHI environment

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HEALTHCARE IN SA  
a new dimension

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*“Health is the first wealth”*

*Ralph Waldo Emerson*



# Outline

- About NAPM
  - Vision
- South African Health sector: a view
- NAPM View on NHI
  - »Why
- The Way forward



## *Vision*

*We aim to champion affordable healthcare, by promoting generics*



- Section 27
  - Everyone has the right to access to
    - health care services, including reproductive health care;
    - sufficient food and water; and
    - social security, including, if they are unable to support themselves and their dependants, appropriate social assistance.
  - The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of each of these rights.



# Current RSA System

- Current system facing many challenges
  - Access
  - Affordability
  - Shortage of healthcare professionals
  - Deterioration of Public health system due to under funding,
  - Exodus of skilled personnel
  - Double burden of HIV/AIDS & TB
  - Private health system has become less affordable.
  - Under-insurance by Medical Aids – benefits exhausted by mid-year
- No one person / institution can solve this problems alone – we need partnerships



# NAPM on NHI

- Consistent with Constitutional mandate & provisions
- Alternative to the current unsustainable model of care
- Theoretically will
  - reduce inequalities in access to health
  - contain costs in both public & private sector
  - Will unlock efficiencies in the system



# Global Healthcare Funding challenges....we are not alone

**In the U.S., the Medicare Trust Fund is projected to go bankrupt by 2019**

*"As a nation, we may have already made promises to coming generations of retirees that we will be unable to fulfill."*

Alan Greenspan, Former US Federal Reserve chairman

**The French healthcare system, ranked the best in the world by WHO in 2000 is projected to collapse totally by 2020**

Source: PWC Healthcast 2020 Survey, Medicare Board of Trustees, 2005 Annual Report



# NAPM on NHI

- Unclear of what this will entail..., but
  - Single Payer & Single Purchaser
  - Understand that there will be a Basic Benefit Package underpinned by an EDL medicine benefit
  - More stringent economic evaluation of new technologies – no room for “incremental” innovation
  - Centrally procured drugs – need to understand the specifics of the tendering process



# NAPM on NHI

- Generic medicine use will increase significantly:
  - increasing access to medicines in NHI setting
  - lowering costs of healthcare (medicine bill)
  - By lowering costs - create budget headroom to finance more expensive medical treatments (saving in Europe estimated at 27 Billion Euros 2008)
- Generic medicines not only lower costs through fierce competition between different generics, but they also exert downward pressure on the innovator drugs



# NAPM on NHI

- Partnerships between all stakeholders
  - Generic & innovators
- Monopolies should be avoided at all costs
  - Intensify competition
  - Freedom of choice critical
- Increased generic usage to increase access & also free up resources for patented medicines
  - Expedited registration
  - Free competition
  - No tendering system – will kill competition as non winners will exit drug categories



# A Practical example...NHS

- Generic competition saves the NHS £7bn per annum
- The average cost to the NHS of a branded medicine is £20; the average cost of a generic is less than £5
- The generics industry supplies 64% of NHS dispensed medicines at only 29% of the NHS drugs bill
- NHS adopted a free market approach with
  - Competition between manufacturers
  - Incentives for GPs to prescribe and pharmacists to dispense generics
  - Competition fierce – downward pressure on prices
- Further growth and savings are hampered by regulatory delays and the actions of some originator companies in trying to avoid or delay generic competition



***"Pricing studies have shown unequivocally that generic competition is the most effective way to ensure lasting price reductions"***

**WHO in 2002**

