South Africa's healthcare system could be world class

Issued by UCT Graduate School of Business

16 Mar 2017

Partnerships between the public and private sectors will be of strategic importance for building universal healthcare coverage, says Dr Rolene Wagner.

South Africa is on the right track towards ensuring that all citizens have access to affordable, quality healthcare services regardless of their socio-economic circumstances, says Dr Rolene Wagner, CEO of Frere Hospital in the Eastern Cape.

Speaking at the Distinguished Speakers Programme hosted by the UCT Graduate School of Business (GSB) on Monday, Dr Wagner expressed her support for government's National Health Insurance (NHI) - a multi-billion rand scheme which seeks to radically transform South Africa's healthcare system.

With NHI, the government is seeking to improve the health system, with an emphasis on public health, as well as refining the functionality and management of the system through stringent budget and expenditure monitoring.

Finance Minister Pravin Gordhan announced in his budget speech in February that the government would establish an NHI fund this year that may be partly financed by a decrease in the tax subsidy currently given to medical scheme members. The initial priorities of the fund will include maternal health, family planning services, the integrated school health programme and improving the services for people with disabilities, the elderly and "mentally ill patients".

"The principle of NHI is correct," said Dr Wagner. "As someone who works in the public sector. I think that a lot of the money is being diverted to the private sector that could be better utilised in a more equitable way within the public sector."

South Africa's health system is made up of a large public sector and a smaller, albeit fast growing private sector.

Healthcare in the country varies from the most basic primary healthcare, accessible largely for free in state hospitals and clinics, to highly specialised and technologically advanced health services available in both the public and private sector.

But the public sector is generally over-stretched and somewhat poorly resourced. While the government contributes just more than 40% of all expenditure on health, the public health sector is under pressure to cater for about 80% of the population.

In contrast, the private sector largely caters to middle- and high-income earners who are usually members of medical aid schemes. The private sector also attracts most of the country's health professionals as it tends to offer higher salaries and better working conditions.

According to Dr Wagner, this two-tiered system is inequitable and to some degree inaccessible to a large section of the population. The NHI seeks to address some of these imbalances, she said.

"In the public sector the emphasis is on how you ensure you produce quality healthcare and how do you make sure that it's value for money, and we at Frere have demonstrated that it's possible to provide that. For me the benefits (of NHI) are that we will be remunerated on the number of patients…which is far more equitable…so we get money which is more in-line with our quality of care," said Dr Wagner.

It will be vital to establish partnerships with the private sector to ensure the success of NHI, said Dr Wagner.

"Partnerships between the public and private sectors are of strategic importance. The private sector, generally tends to be over-resourced and perceived to provide better quality care compared with the public sector; whilst the public sector is perceived to be comparatively inefficient and reported to provide sub-optimal care," she said.

She added: "The private sector on the one hand pursues capital, mainly for their shareholders, and therefore has a focus on cost-effective service provision; whilst the public sector pursues social capital, the beneficiaries being the general public.

"Strategic partnerships can result in better utilisation of available scarce resources and more cost-effective strategies being deployed in both sectors. Similarly, through collaboration both sectors can unite in tackling the burden of disease we face as a country. We are blessed that in East London we have a collegiate relationship with our private sector and are already discussing ways of optimising our relative strengths to benefit the people we serve."

However, NHI will become redundant without doctors. For it to be a success the country will have to do much more to address the doctor shortages, said Dr Wagner.

The doctor-to-population ratio is estimated to be 0.77 per 1,000. But because the majority of GPs – over 70% – work in the private sector, some suggestions are that there is in actual fact just one practising doctor for every 4,200 people.

A recent study by consulting firm Econex for the Hospital Association of SA notes that up to 17% of newly qualified doctors might be emigrating, while up to 80% doctors prefer not to work for the state because of poor working conditions.

Wagner said the primary and high school education system, particularly maths and science, needs to be improved to boost the number of doctors in the country.

Wagner also talked about the improvements at Frere hospital. She pointed out that despite years of turbulence, one of the largest regional hospitals in the Eastern Cape had managed to turn the corner. The hospital previously struggled with a high infant mortality rate, slow patient turnaround, and labour instability, but this appears to be a thing of the past. The hospital's finances are looking healthier and it recently received an unqualified audit opinion from the Auditor General.

Wagner, who took over as CEO in 2012, credits her team for improving the operations of Frere. The management team implemented organisation-wide quality improvement projects that addressed the priorities of patient safety, patient care and efficiency of service delivery. Changes were made to the leadership style and structure, with activities consciously focusing on staff engagement and motivation; and transforming the organisational culture from blame and fear to one that promotes teamwork and encourages innovation.

"Our focus at Frere... will remain our core mandate – that is to cater for those who need our care the most," said Wagner.

- **UCT GSB'S Executive MBA ranked Top 5 globally for gender diversity** 19 Oct 2023
- **African startups take centre stage in local accelerator programmes** 17 Jul 2023
- **Inaugural Africa Impact Summit to showcase how impact investing can transform the continent** 5 Apr 2023
- **Take your startup to the next level! Join the e-Track programme** 1 Mar 2023
- **UCT GSB conference to share insights on how to do business in Africa** 6 Dec 2022

UCT Graduate School of Business

The University of Cape Town Graduate School of Business (GSB) is recognised as one of the best business schools in the world. Its innovative approaches to teaching and learning and commitment to relevance and social impact set it apart from most.

Profile | News | Contact | Twitter | Facebook | RSS Feed