

17: HEALTH

AIM

The aim of the Department of Health is to promote the health of all people in South Africa through a caring and effective national health system based on the primary health care approach.

EXPENDITURE ESTIMATES

Table 17.1 Expenditure per programme

R million	Expenditure outcomes			Preliminary outcome	Medium term expenditure estimates		
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
Administration	33,4	43,0	46,2	49,7	55,2	54,8	54,3
Policy and planning ¹	264,9	352,4	231,0	4 660,4	4 966,2	5 291,4	5 378,9
Regulation, services and programmes	139,4	244,7	220,8	800,0	900,7	867,3	912,5
Auxiliary and associated services	14,9	15,9	14,5	14,8	15,7	16,7	16,9
RDP projects	839,3 ³	—	—	—	—	—	—
Less: Internal charges	1,0	—	—	—	—	—	—
Sub-Total	1 290,9	656,0	512,5	5 524,9	5 937,8	6 230,2	6 362,6
Capital ²	—	—	—	10,2	1,9	13,2	16,2
Total	1 290,9	656,0	512,5	5 535,1	5 939,7	6 243,4	6 378,8

¹ Includes authorised losses 1995/96 R0,1; 1996/97 R0,1; 1997/98 R0,2

² Appropriated on Vote: Public Works.

³ This included an allocation of R248 million for the Primary School Nutrition Project, and allocations for moving from tertiary to primary services, clinic building and free health care.

The Department of Health is organised into four programmes:

- ◆ *Administration* comprises financial management, personnel and provisioning administration, legal and other support services and other support to the Minister and Director-General.
- ◆ *Policy and planning* deals with the development of strategic and operational health policy and planning the allocation of health resources.

- ◆ *Regulation, services and programmes* involves the regulation and registration of certain health activities, formulation of policy on disease management, management of national health programmes and promotion of environmental health management.
- ◆ *Auxiliary and associated services* provides miscellaneous services.

From 1998/99 central hospitals and health professional training and research is being funded by conditional grants from the national share via the national Department of Health. This explains the large increase in expenditure under the programme *Policy and planning* in 1998/99. In 1999/00 these grants will total R4 300 million.

The expenditure of the programme *Regulation, services and programmes* increased sharply in 1998/99 when funding for Primary School Nutrition Programme was moved onto the budget as a conditional grant. In the previous two years this allocation was voted on provincial budgets and in 1995/96 it was part of the allocation from the Reconstruction and Development Fund.

Table 17.2 Economic classification of expenditure

Rmillion	Expenditure outcomes			Preliminary outcome	Medium term expenditure estimates		
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
Current							
Personnel expenditure ¹	96,4	106,1	111,0	128,8	125,9	124,3	129,2
Other current expenditure	177,5	215,8	184,7	409,9	494,6	668,3	786,9
Transfer payments	982,1	178,1	100,3	4 684,9	4 997,0	5 441,6	5 451,9
Capital							
Transfer payments	32,3	150,5	91,4	294,7	311,4	0,5	0,6
Acquisition of capital assets	2,6	5,5	25,1	16,8	10,8	8,7	10,1
Total	1 290,9	656,0	512,5	5 535,1	5 939,7	6 243,4	6 378,8

¹ Departmental personnel expenditure includes employer's contributions to pension funds at a rate of 17 per cent of basic salary in 1998/99 and 15 per cent of basic salary in subsequent years.

Table 17.2 indicates that current and capital transfer payments will comprise nearly 90 per cent of departmental expenditure in 1999/00. This illustrates the importance of the Department as a conduit of funds, primarily to provincial health departments, and the fact that only a small share of expenditure funds activities within the Department.

OUTPUTS AND SERVICE DELIVERY TRENDS

Similar to the national departments of Education and Welfare, the national Department of Health's involvement in actual service delivery is limited. Its main functions are to determine key health policies and to allocate funding to provincial departments for central hospital services and health training. The Department's White Paper describes its key functions as:

- ◆ Providing leadership in the formulation of health policy and legislation.
- ◆ Providing leadership in quality assurance, including formulating norms and standards.
- ◆ Building the capacity of the provincial health departments and municipalities.
- ◆ Ensuring equity in the allocation of resources to the provinces and municipalities.
- ◆ Providing leadership in planning for and managing resources for health care.
- ◆ Providing services which cannot be supplied cost-effectively by other levels of government, the private sector or NGOs.
- ◆ Developing co-ordinated information systems and monitoring progress on national health goals.
- ◆ Providing appropriate regulations.

The primary outputs of the Department therefore are funding principles and policies which are detailed in legislation, accompanying regulations and other policy documents. Some of these are discussed below.

POLICY DEVELOPMENTS

White Paper for Health

The broad programme for transforming the South African health system is outlined in the White Paper on the Transformation of the Health System in South Africa, published in April 1997. Central to this policy document is the promotion of equity, accessibility and utilisation of health services as well as extending the availability of appropriate health services. Steps to achieve these objectives include prioritising primary health care delivery within the framework of a district health system; reforming the legislative framework governing medical schemes; implementing a National Drug Policy; and addressing the availability of doctors in rural areas.

The White Paper envisages a national health system that integrates the public, private, non-governmental and community health care systems. It promotes co-ordinated health research and information systems to inform the development of health policy and programmes.

District health system	<p>This system is a mechanism to decentralise the delivery of primary health care services to provide equitable access to all. Thus far 42 health regions and 162 health districts have been demarcated nationally.</p> <p>The clinic building programme is a central part of the primary care strategy. By September 1998 474 clinics had been built, of which 361 have now been commissioned. Another 212 clinics were upgraded, and 198 of these have been commissioned.</p>
Primary School Nutrition Programme	<p>The Primary School Nutrition Programme was launched in 1994 as one of the Presidential Lead Projects. In March 1998 the programme reached 14 549 schools and served a meal to just over 5 million school children daily. More than 2 000 enterprises, of which the majority were small businesses, participated in the programme. Nearly 20 000 job opportunities were created in the year to March 1998.</p>
Medical Schemes Amendment Act	<p>The Medical Schemes Amendment Bill was approved by Parliament in 1998. The Act provides the legislative framework for funding private health care and aims at increasing access to affordable health care and providing incentives for cost containment. Key aspects are:</p> <ul style="list-style-type: none"> • Prohibiting the exclusion of any applicants from medical schemes. • Prohibiting premiums based on age, gender, state of health or frequency of claims ("community rating"). • Mandating minimum prescribed benefits for all medical aid packages. • Enhancing regulatory oversight by strengthening the Registrar of Medical Schemes and establishing the Council of Medical Schemes. • Improving the governance and administration of schemes through setting minimum requirements. <p>Full implementation of the Act awaits the development of regulations preventing adverse selection, specifying the minimum benefit package and governing the use of savings accounts.</p>
Community service for medical doctors	<p>In June 1998 compulsory community service was introduced for doctors who are completing their medical training. Posts were made available for 1 126 of these medical officers from the beginning of 1999, mainly in rural or understaffed areas. The shortage of medical personnel in rural areas also led to the recruitment of more than 500 foreign doctors from Cuba, Germany and the UN Volunteer Corps.</p>
National drug policy	<p>The 1996 National Drug policy aimed to provide the majority of South Africans with access to medicine at affordable prices and to promote the rational use of drugs. Thus far free medicines are being supplied to pregnant women and children under six years, the South African Drugs Action Programme has been established to strengthen drug supply and management in the public sector, the Pharmacy Act and the Medicines Control Act were amended and the medicines regulatory authority is under review.</p> <p>A revised Standard Treatment Guidelines and Essential Drug List (EDL) for primary health care was published in December 1998, together with the EDL for hospital-level care. The EDL has reduced the number of</p>

items procured on tender by the public sector, removed ineffective medicines and contributed to cost-effectiveness and procurement savings.

Immunisation

Infectious and communicable disease control, focusing on diseases such as tuberculosis, hepatitis, measles, polio and others, is a vital function of the Department of Health. As part of the Expanded Programme on Immunisation the mass immunisation campaign for polio and measles was initiated in 1995 and has reached 5 million children. Reported cases of measles dropped from 10 604 in 1996 to 1 394 in 1997.

About R88 million has been earmarked on the budget of the Department in 1999/00 to introduce vaccination against Haemophilus Influenza Type B, a disease that leads to substantial morbidity and mortality among children. In addition, R28 million has been set aside over the next three financial years to subsidise vaccine production in South Africa.

Hospital services

The focus on primary health care has increased pressures on public hospital budgets, exacerbated by an inability to reallocate personnel in line with new priorities. Rising personnel costs have also affected budgets for consumables, particularly medicines and equipment.

Initiatives to address these challenges include: mechanisms to improve revenue generation in the public hospital sector; conditional grants for central hospitals and medical training enabling forward planning for better tertiary health services; the hospital rehabilitation programme; and continuing efforts to decentralise and improve hospital management.

HIV/Aids

The HIV epidemic continues to spread rapidly. Surveys of HIV prevalence among women at public health antenatal clinics show that between 14 and 18 per cent were infected in 1998, a substantial increase on the 7,6 per cent in 1994. In the North West a quarter of women were found to be HIV positive. Prevalence was highest among women aged 25 to 29 years.

This epidemic results in much human suffering, morbidity, higher health care costs, a reduction in productive capacity and a rupturing of the social fabric. The Department of Health co-ordinates government efforts to combat the disease. Government has established an Inter-ministerial Committee on HIV/Aids, chaired by the Deputy President. Substantial funds have been set aside, and Government started to implement its Aids Action Plan late last year.

The Aids plan focuses on mass awareness and mobilisation, and received widespread publicity and support from other departments and the business sector, among other parties. Three major union federations and certain large companies such as Eskom and SpoorNet implemented HIV/Aids programmes. The governmental Inter-departmental Committee on Aids is facilitating programmes in various state departments.

Tobacco Products Control Bill

The Tobacco Products Control Amendment Bill was approved by Parliament but subsequently referred back by the President to ensure its constitutionality. The Bill:

- ◆ Prohibits advertising and promoting tobacco products.
- ◆ Prohibits free distribution of tobacco products.
- ◆ Limits smoking in public places, including the workplace.

- ◆ Allows for the regulation of nicotine and tar levels of tobacco smoke.

Its objectives are to reduce the incidence of smoking and protect the right of non-smokers to a smoke-free society.

DISCUSSION OF PROGRAMMES

Table 17.3 provides an overview of the activities and outputs of the different programmes.

Table 17.3 Key activities and outputs

Programme	Key activities	Outputs
Administration	Overall management of the Department. Offices of the Minister and Director-General.	Efficient administration of the Department. Policy formulation, monitoring activities and inputs.
Policy and planning	Strategic and operational health policy and plan the allocation of health resources to meet RDP objectives. Liaison with international health community. Health information system and research funding.	Transfers to non-governmental organisations. Policy on hospitals and health technology. Communication about health policy and programmes. Funding of central hospitals. Outside sources of funding. Health resources plans. National information system. Transfers to Medical Research Council, Health Systems Trust and Institute for Medical Research. Health statistics.
Regulation, services and programmes	Policy formulation, management and prevention of chronic diseases, diseases of the elderly, disability, communicable diseases and mental health. Policy formulation on and promotion of oral health services. Management of national health programmes Policy on mental health and substance abuse. Environmental health management.	Policies. Laboratory and virology services. Transfers to National Tuberculosis Association, Institute for Medical Research and National Council for the Blind and other service delivery organisations. Norms and standards for maternal, child and youth health services. Integrated nutrition programme. Policies and programmes on HIV. Financial assistance for HIV research. Occupational health services to mineworkers, occupational medicine services, occupational hygiene service, pathological service and administrative support service in the area.
Auxiliary and associated services	Departmental vehicle purchases and subsidised motor scheme. Administration and partial funding of Mines and Works Compensation Fund.	Departmental transport services. Administrative services and pension payments.

Estimated expenditure and medium term estimates for the different programmes are summarised below.

Programme 1: Administration

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	50,1	50,9	49,7	46,3	46,8	–
1999 Budget	–	–	–	55,2	54,8	54,3

Programme 2: Policy and planning

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	4 478,9	4 777,0	4 660,4	4825,0	5 233,3	–
1999 Budget	–	–	–	4 966,2	5 291,4	5 378,9

Conditional grants

Most *Policy and planning* expenditure comprises transfers to provinces, such as the conditional grants for health professional training and research, central hospitals and redistribution of tertiary services among provinces.

The Central Hospital Grant is the largest of these grants and is paid to the Free State, Gauteng, KwaZulu-Natal and Western Cape. It amounts to R3 100 million in 1999/00 and should increase to R3 220 million in 2001/02.

The grant aims to ensure access for all South Africans to high-level health services irrespective of whether these services are provided in their province. It is conditional upon non-discrimination between residents and non-residents or against parties referred by service providers in other provinces. Other conditions, such as submission of strategic plans to the Minister, enable the Department and provinces to plan for the delivery of specialised health services in central hospitals.

The Health Professional Training and Research Grant will increase from R1 118 million in the current financial year to R1 215 million in 2001/02. This grant seeks to compensate provinces involved in training for the associated service costs. All provinces receive a share from this grant but the bulk is reserved for provinces with academic health complexes.

A conditional grant of R112 million in 1999/00 aims to provide new tertiary services in unserved provinces. This grant is set to increase to R182 million in 2001/02.

The capital costs for the Umtata Hospital and the Durban Academic Hospital are also funded through conditional grants. The conditional grant for the Primary School Nutrition Programme funds school feeding services in the provinces and is classified under *Regulation, services and programmes*.

Table 7.4 shows the amounts allocated to different grants over the MTEF period.

Table 17.4 Health conditional grants

R million	1999/00	2000/01	2001/02
Grant			
Central hospital services	3 075,0	3 112,0	3 220,9
Health professional training and research	1 118,0	1 174,0	1 215,1
Redistribution of specialised health services	112,0	176,0	182,2
Hospital rehabilitation	200,0	400,0	500,0
Primary school nutrition programme	554,7	582,4	602,8
Umtata Hospital	63,9	–	–
Durban Academic Hospital	247,0	273,0	102,6
Total	5 370,6	5 717,4	5 823,6

Hospital rehabilitation and research

The *Policy and planning* programme also includes a conditional grant of R200 million for hospital rehabilitation. Introduced in 1998/99 following a comprehensive audit of health facilities, the allocation is set to increase to R400 million in 2000/2001 and R500 million in 2001/2002.

The programme also includes transfers to the Medical Research Council (promoting medical research), the Health Systems Trust (research on health management systems) and the South African Institute for Medical Research (for investigations into human diseases).

Programme 3: Regulation, services and programmes

R million	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	707,4	820,0	800,0	743,9	776,6	–
1999 Budget	–	–	–	900,7	867,3	912,5

The *Regulation, services and programmes* budget increases by R80,7 million in 1999/00. A large part of this increase is earmarked to support vaccine production (R20 million), introduce vaccination against Haemophilus Influenza Type B (R88 million) and support the Government's Aids Action Plan.

Aids

The programme's allocation for combating Aids totalled nearly R110 million in 1999/00. This includes transfers to non-governmental organisations and funds for promoting health-seeking behaviour and implementing the Action Plan. Earmarked funds for Aids are set to increase from nearly R58 million in 1999/00 to R110 million in 2001/02.

Disease prevention and control

A total of R155 million is allocated for the prevention and control of diseases. This includes R96 million for infectious disease control, R20 million for subsidies to local vaccine producers and R18 million for the National Institute for Virology.

Programme 4: Auxiliary and associated services

R million	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	15,2	15,2	14,8	15,5	15,5	–
1999 Budget	–	–	–	15,7	16,7	16.9