

Political Economy of COVID-19

....providing a public health
perspective

Presentation by
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We remember Madiba, the revolutionary.



In this presentation, we will discuss:

1. Why the present SA health system does not respond to people's needs?
2. The class struggle in health care and the *South African Road to Socialism (SARS)*
3. The future of health care – National Health Insurance and COVID-19
4. Key interventions during COVID-19

First and foremost, let us ground our discussion based on a class approach

Class perspective on health care

- We need deepen our understanding of our health system and the struggle for NHI from a class perspective. We must not only see reality based on race and gender, but more fundamentally based on class.
- Class and therefore relations of class power are important categories for understanding our society and its health system. How people live, get sick or die depends not only on race and gender but primarily on which class they belong.
- So, class power and resources in health care and how these are

organised and distributed are critical for understanding the political economy of health and class struggle in this context, including the kind of policies we should advance. It helps us to understand **WHY**

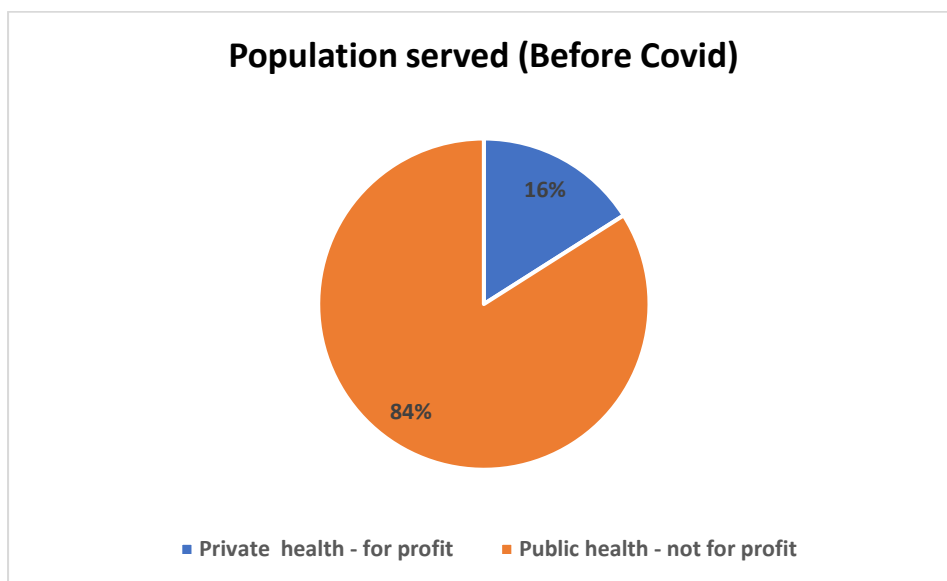
- The present two-tiered health system (not “two systems”) is organised and funded in such a way that **those with less need for health care (rich, the wealthy) have more health care resources and services than those with greatest need (the poor majority).**
- Following from this, we will argue that the entire health system is organised and funded in such a way that it benefits the corporate elite or rather the capitalist class.
- And it is a site of struggle where clear class interests have been laid

bare and where our Party, the trade union movement, the ANC - together with range of people's organisations - have been in the forefront.

1. Why the present health system does not respond to people's needs?

What is wrong with the present health system? (1)

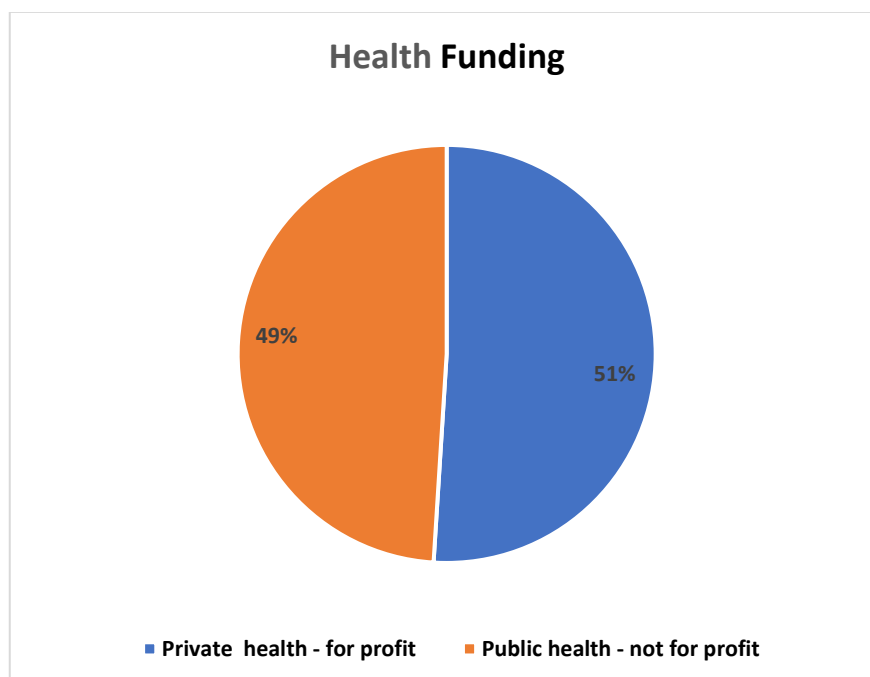
- One of the most **unequal and irrational health systems** in the world...in most unequal society..



- Private health sector serving 16% of the population – largely members and dependants of the medical aid schemes.
(safe to say this figure could be declining - during this COVID-19 period and as people loss jobs and income)
- Public health sector serving 84% of the population

What is wrong with the present health system? (2)

- As a country (not just govt) we spend over R400-bn on health care (**very high by world standards**), yet over 50% of this funding is under the command of the private health sector – and also means command of other resources (doctors, medical equipment etc)



What is wrong with the present health system? (2)

- Just think of it:
 - One sector (private) treats health care as a commodity – something to be bought and sold like a hamburger.
 - The other sector (public) seeks to provide health care as a right, whose access does not depend on your employment/income status.
 - Yet, the most health care resources (doctors and funding) are concentrated in the private sector.
 - No wonder our public sector has been facing challenges of crisis proportions.
- So,
 - What happens in the private sector has direct impact on the public sector -visa-versa – **a contradictory relation indeed. Unless we resolve this contradiction, we will be in vicious cycle, unable to overcome the persisting crisis embedded in the two-tier health system.**

- Also let us not neglect our own past policy failures as government which COVID-19 has exploited – such as obsession with fiscal deficit or rather neo-liberal austerity measures, and attempts to promote *social* health insurance which would have meant further privatisation/commodification of health care as opposed to a *national* health insurance.

2. The *South African Road to Socialism (SARS)* and class struggle in health care

SARS provides clear guidance

- Our programme - *South African Road to Socialism (SARS)* - provides a clear guidance to our class approach to and struggle in health care and arguably, to resolving the contradictory reality of the present health system. It advances the socialist perspective of:
 - Mounting the “**struggle to place social needs above private profits** in the concrete reality of SA today.”
 - Pursuing today’s struggle for a socialist future, by “**progressively roll back the capitalist market, de-commodifying basic human needs.**”, in which access to social needs is not determined by so-called “market-forces”.

- The working class assuming “a hegemonic role in society and in the state.”
- A “strong and democratic state”, with capacity for strategic planning and co-ordination.

It can be argued, all these elements have informed and shaped the present struggle to transform our health system, particularly the struggle for National Health Insurance (NHI) and should also guide our approach to COVID-19 pandemic crisis.

Let us look at NHI and COVID-19 responses briefly..

3. The future of health care – National Health Insurance and COVID-19

Vision and Principles of NHI

- NHI is defined in NHI White Paper as a “health financing system that is designed to **pool funds** and **actively purchases services** with these funds to provide **universal access** to quality, affordable personal health services for **all South Africans based on their health needs**, irrespective of their socioeconomic status.”
- The White Paper further states that NHI aims to **eliminate fragmentation**, ensuring technical and allocative efficiencies in how funds are collected, pooled and used to purchase services, thus creating a **unified health system..**”
- In other words, it is more than just a funding mechanism, but also re-organisation of the present two-tier health system.

- NHI is therefore a bold and direct response to the problems of the present health system.
- The NHI approach refuses to treat our problems in an un-systematic way. It rejects the idea that we should “fix the public health sector first and then deal with private sector later”.
- What we should emphasise, however is the clear class content to NHI, and arguably a **socialist approach to health care, especially the principles around which the unified health system will be founded.**

- These are five principles of:
 - **#1 Health care treated as a human or social right.**
Basically, meaning health care should not be commodified or left to profit-driven class forces to deliver it. This therefore implies that we must progressively roll-back the dominance of market-driven forces, such that they play an insignificant role (if any) on access to health care.
 - **#2 Universality of care:** To guarantee good the right to good and comprehensive health care for all and roll-back once market dominance, the health system must move to universality of care – to undo health inequalities, especially

access to good health care. It means that we:

- **Move away from health care benefits from the workplace or wage-income** (through medical schemes).
- reject the current wasteful, fragmented two-tiered health system that provides different types of health coverage (or benefits) for different sections of the population.
- It also rejects a version of **“social health insurance”** advanced by opposition—schemes for the low-income (“silver card”), middle-income (“gold card”) and higher (“platinum”) – further

fragmentating health benefits.

- **#4 From each according to ability-to-pay to each according to needs.** This principle captures one of the defining features of NHI, reinforcing the de-commodified and universality aspects of NHI – that access is not based on ability-to- (and out-pocket expenses) but on the health needs of the people. Currently those with less needs consume more health care than those with most needs – **therefore the principle supports the shifting of health care resources to where they are needed most.**

- **#5 Social solidarity:**
Advancing social rights, applying universality of care, and distributing health care resources according to need, with require the social solidarity. Through the principle of social solidarity, NHI support funding of health care **through a system of progressive taxation** (as opposed to regressive taxes) which recognises and deal with the obscene levels income and wealth inequalities in this country.
- Progressive taxation will **significantly redistribute resources** by taxing the rich, the healthy subsidising the sick and the young subsidising the old.

But social solidarity is more than that just funding.....it calls for

- **Class solidarity over class fragmentation** on the part of our trade union movement as expressed by their commitment to universality of NHI. It is a significant level of class consciousness we should nurture and further develop.
- This class solidarity basically means organised working class (esp. those with medical aid) are prepared to move away from health care tied to wage-labour/workplace/labour market and therefore sustaining capitalist dominance on health care

to universality through solidarity with *all* of the working class.

- #6 **Publicly funded and publicly administered NHI**

This is last principle that is strongly embedded in the NHI bill, basically emphasises the central role of the state – a strong and democratic state – in funding and organising a new universal health system and against proposals for outsourcing this to medical scheme administrators of NHI. It is therefore stands opposed to present fiscal austerity measures or rather obsession with fiscal deficits that under-cut public health sector funding.

- Clearly our opponents have mostly targeted this principle above everything else, because without the state assuming this central role, all other principles will remain a formality and not a reality.
- The NHI Fund proposed in the NHI Bill will play the role of a **strategic and single purchaser** as opposed today where the state and fragmented medical scheme funds, which play a role of a “**passive purchasers**” of health care resources (medical equipment, drugs etc).
- The building such a fund however, will require, more vigilance against **corruption or potential corporate capture.**

- The central role of the state - through the fund and other state organs - hold great potential for improved **national planning and coordination capacity** in health care, including application modern digital technologies.
- The universal health system under NHI will have be rooted in **primary health care, an approach that informed our health polices since 1994**, as the first point of referral and service, requiring great investment human resources and to a great extent, infrastructure.
- Such expanded public resources will include introduction of the community health workers (CHWs) as new

community-based cadre in the public health system, based on new primary health care approach, with secured better work security than it is today.

COVID-19 and struggle for NHI

- Our health emergency response to COVID-19 should be closely related to the kind the health system we seek build – in other words,
 - The measures we introduce today should contribute to long-term transformation of our health system not lock-us in the persisting crises.
- International experience indicates that as the rate of the spread of the virus increases (more infections, more hospitalisations, more deaths), it inevitably poses serious challenge to existing health care capacity. Countries with weak health systems are the most vulnerable. This is now critical point of discussion at this stage of COVID-19 pandemic crisis in South Africa.
- Several countries have taken emergency measures that incorporate the private health sector capacity into a national health system, especially where such sector lacked effective integration with the public sector. How did we respond?

First, a quick review of public health emergency response to COVID-19 so far:

- **Declaration of National Disaster** (including exemptions provided by the Competition Commission regulations) has empowered the National Department of health to interact with the all stakeholders like the private hospital sector to
 - promote agreements that promote access to health care,
 - sharing of information and resources and
 - contribute to the reduction of prices in the fight against COVID-19.
- While these measures and others have improved the role of the state in co- ordination and planning, especially with private health sector, **there is a need to urgently utilise the measures to promote access to health care and reduction of prices based on NHI principles.**
- Our early **lockdown measures** have helped us to prepare for this eventuality. It enabled the public health sector - in varying degrees of success - to critically assess and increase capacity in the community, hospital beds, staff,

ventilators, PPE, testing and tracing, among others.

- For example:

- **Community health care workers:** Within few months, we able to enrol over **50,000 community health workers** into the public sector. *(consider that the ANC Manifesto anticipated this number by end of 2024)*
 - CWS are playing a critical tracking and tracing potential COVID-19 cases.
 - screened more than 20-million people and counting.
 - Promotes community education on COVID-19.
 - However, these valued work is to be enjoy national uniform standards, job security and good pay. Trade union organising remains largely weak...
- **Our testing scale and infrastructure:** This has been greatly improved. Despite initially challenges, much of our testing capacity, especially public testing capacity of NHLS has greatly important – enabling to understand the magnitude of the spread of this virus. As of July 18, we had 2.4

million people tested. However, challenges remain in testing approaches as well as availability of testing kits.

- **Covid-19 beds and medical staff capacity** - Only last week (July 7), Minister Mkhize indicated that as infection cases (which have now passed 250,000 mark) and hospitalisation rises, the country's bed-capacity at hospitals would be insufficient in the next few weeks. Currently only 40,000 beds (including private-sector beds) have been re-purposed for COVID-19 cases. As such, provinces like Eastern Cape and Gauteng could face more shortages of beds of ICU and non-ICU beds.
- Private hospitals have agreed to admit "public patients" based on terms of provincially based agreements. These agreements pose potential threat of discrimination – as it divided those sick into "private patients" and "public patients"
- This could also impact on the distribution of human resources (especially those in private practice) to tend these beds, as some provinces may have more doctors than they really need.

- **Medical supplies and PPEs – Like securing hospital beds and personnel,** curing medical supplies has relatively improved, but remains a major challenge. Within the country, we have seen provinces (indeed the private sectors as well) competing each other for purchasing of COVID-19 supplies and PPEs.
- This fragmented way obviously weakens our capacity to secure sufficient supplies at better prices, as well as ensuring rational distribution of these resources where they are needed most. National government has yet use its Disaster powers to ensure that these resources are used and distributed for the common benefits for all across the country.
- There has also been actions to support local production of medical supplies (ventilators and other supplies) – against this dependent on voluntary decisions of the private sector

These are some of examples and challenges.

BUT...

- As the **virus spread and its human costs mount** – largely because of the easing of lockdown measures and growing signs of collapse of social discipline in some of the country - and, it will be critical that we move beyond the measures taken so far, including:
 - Strengthening some of lockdown measures as the virus surges; and
 - Actively work more consciously and urgently towards NHI as we fight COVID-19.

4. Proposed key interventions – during COVID-19

Proposed key interventions

- National Department must **strengthen its efforts at coordination and planning of our health system** –we have noted progress, much more remains to be done.
- The state, preferably at national level (not provincial level) **should secure 100% capacity of the private hospitals and private hospitals will operate on a not-for-profit basis for the duration of the State of National Disaster, treating both Covid-19 and non-Covid-19 patients.**
 - o This is another way of bring private health sector under public control. **As such national agreements with hospital groups should be binding on all provinces.**
- Following from above **all patients, (not some) treated in private hospitals will be treated as public patients.** This point therefore implies universal testing and treatment of COVID-19 patients.

- The above may require pooling medical aid funds for COVID-19 into a **public health emergency fund – embryo for NHI Fund?**.
- The terms in which private hospitals will remain linked to private hospital groups should be determined.
- **Payment to private providers should be based on cost-only model, where services will be reimbursed on cost.** And the cost that are covered will be based on a normal operating cost of the hospital. There may be requirement private hospitals to open their books and use external auditors to show public funding was used for operational costs.
- The precise cost cannot be determined at this stage since they are related to horizon of the pandemic. Final cost will be verified by independent firm and there would arbitration in case of disagreement.

- **Payment of specialists** will be based in the same way they are **paid not less than those in the public sector.**
- Provision of additional workers means **private hospital staff can be redeployed by the NDOH and provincial departments** to areas where they are needed most.
- **Securing of medical supplies and equipment should be nationally coordinated through national procurement**, while measures introduced to direct certain industries – public and private- to produce such equipment's and needed drugs.
- Continue to **invest in the public health sector**, including strengthening community-health work as a permanent public service work as well primary health care.
- **Strengthen mass-based education campaign**, that promote prevention measures such as wearing masks, social distancing, washing hands and so on. This

of course, should be done in close coordination with the state.

FINALLY...

The kinds of responses we make in the health sector (like in other sectors), must be aligned with our broader transformational efforts across society and economy.

In other words, we must find coherence in our approaches.

To paraphrase Chinese: **“crisis don’t just present dangers to the working class, but also major opportunities.”**

Let us seize the time!

Ends