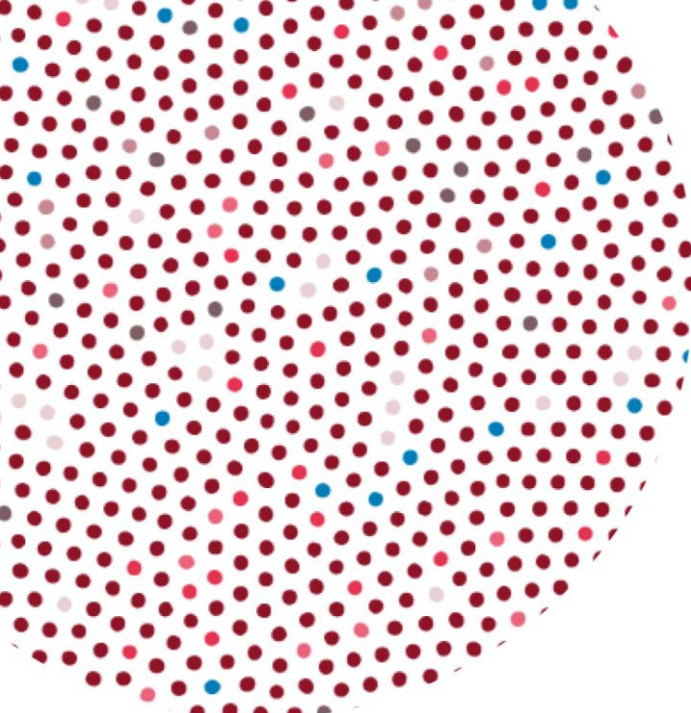




Health sector reforms in South Africa: Evaluating financing models for universal health coverage in the post-apartheid era*

Susan Cleary

Professor of Health Economics

Head and Director: School of Public Health

University of Cape Town

**Cleary, Haji, Solanki (2026). South African Medical Journal, July 2026, Vol 116*



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Overview

- Defining UHC
- SA's current health financing models and achievements on UHC
- Affordability of a universal system
- Further health sector reform to increase progress on UHC
- Concluding thoughts



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Universal Health Coverage

- To provide all individuals and communities with access to needed promotive, preventive, resuscitative, curative, rehabilitative and palliative health services of sufficient quality to be effective while ensuring that the utilisation of these services does not expose users to financial hardship
- UHC goals are therefore about:
 1. Individuals and communities having **equal access** to quality health care benefits when in need [increasingly linked to the notion of clear definition of benefits]
 2. Individuals and communities have **financial protection** when accessing these benefits [linked to pre-payment systems that limit 'out of pocket payments' – i.e. user fees at point of use]



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Universal Health Coverage

- Is a journey, not a destination
- Can be pursued using different health financing models (although some have weaknesses for UHC)
- Requires careful choice of health care benefits to enable equal access basis



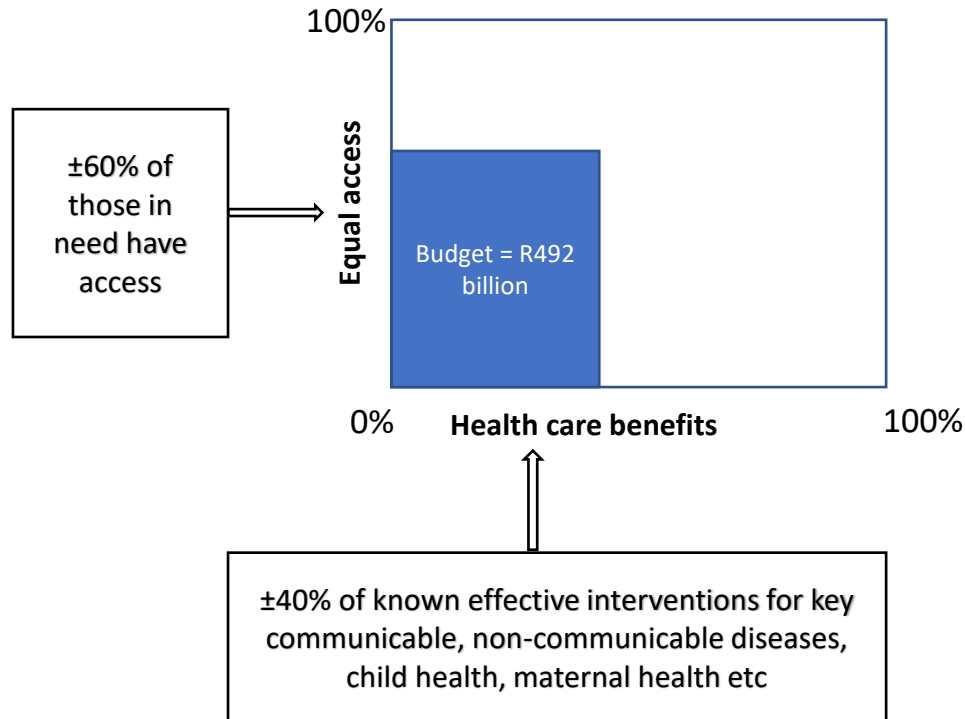
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UHC requires choices:

Breadth of health care benefits vs equal access



In a system with minimal payment at the point of use, UHC is about equal access to health care benefits



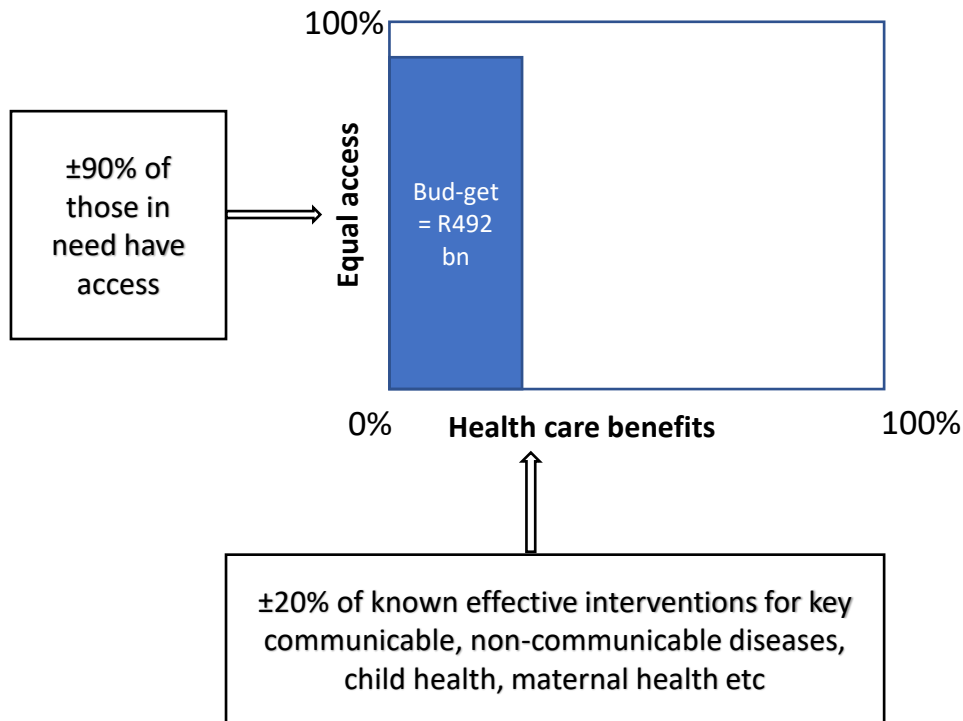
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UHC requires choices:

Breadth of health care benefits vs equal access



Choice of health care benefits enables improvements in equal access



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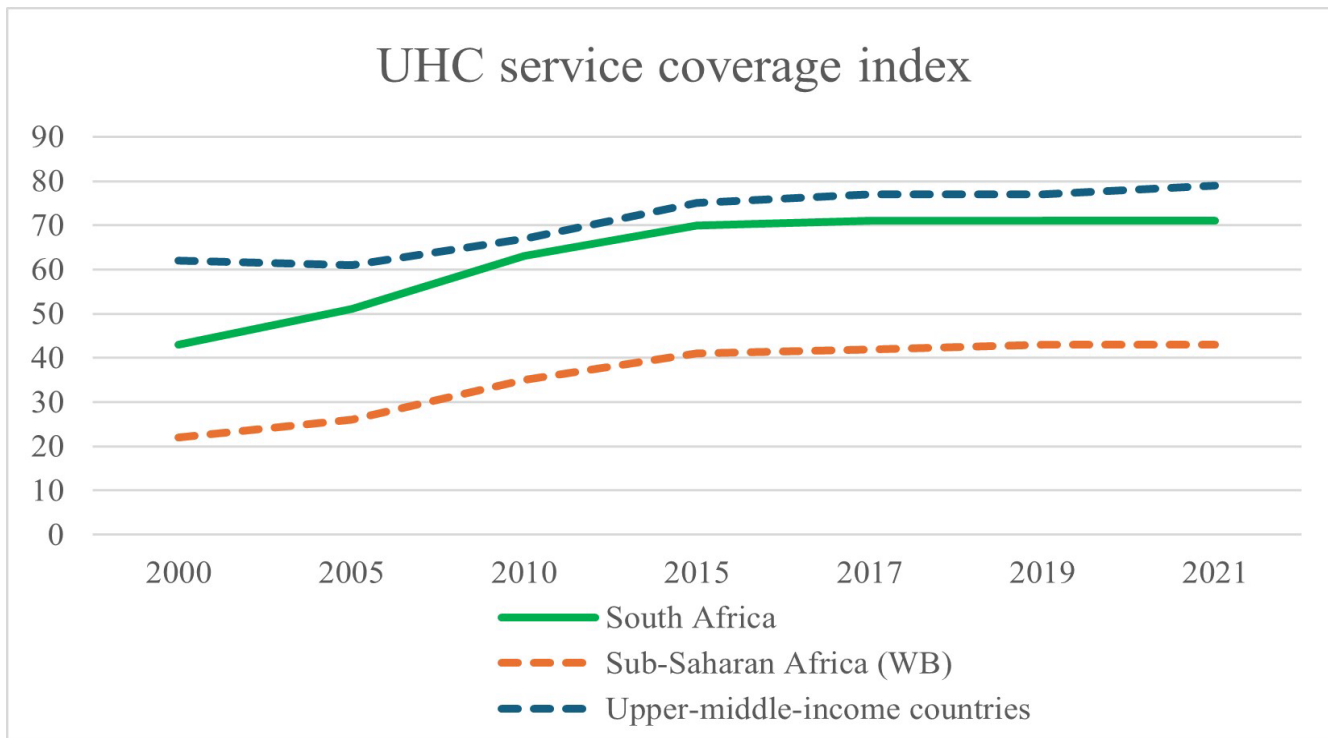


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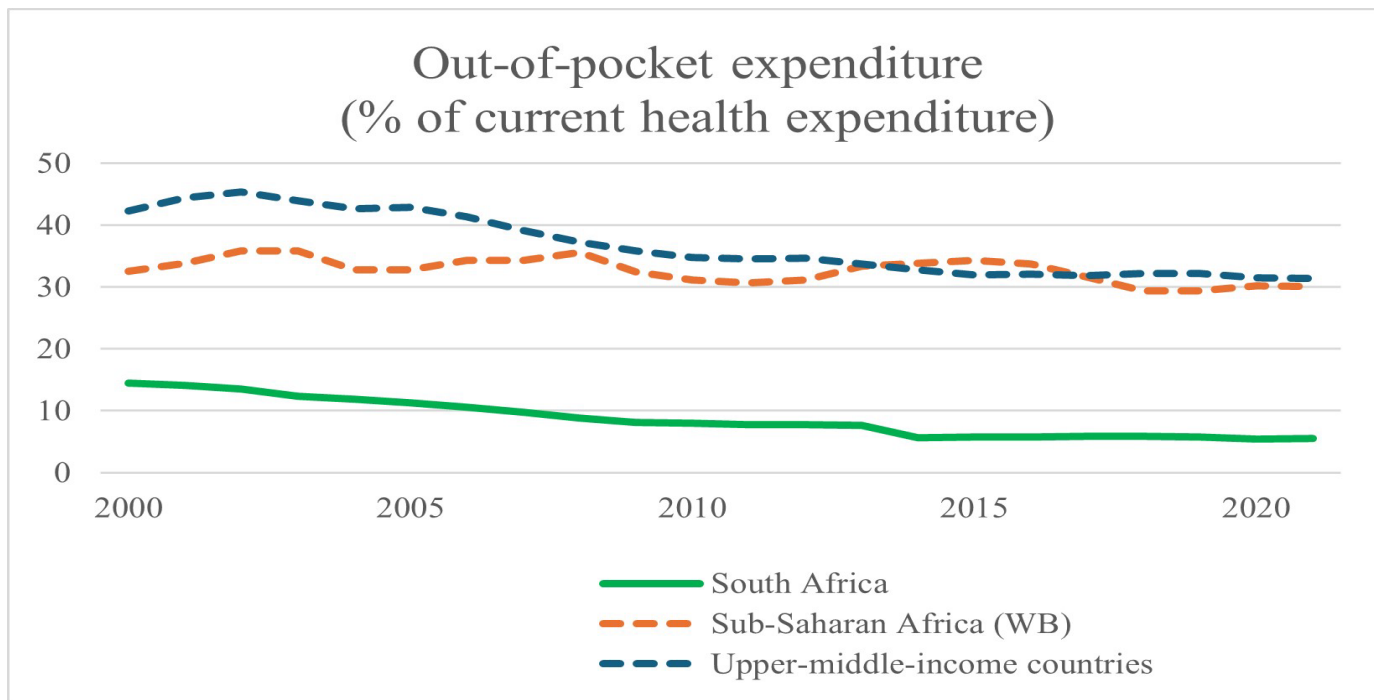
Current health financing models

	Public sector	Private sector
Type of model	National health service	Voluntary health insurance and direct market
Population coverage	±85%	±15%
Annual expenditure	ZAR 243 billion (4.7% GDP) – approx. meeting Abuja and WHO targets for government funding for health	ZAR 249 billion (4.9% GDP)
Revenue collection	General taxes; [limited user fees]	Voluntary health insurance, co-payments and user fees

Access to quality health care benefits when in need: Service coverage and quality indicator

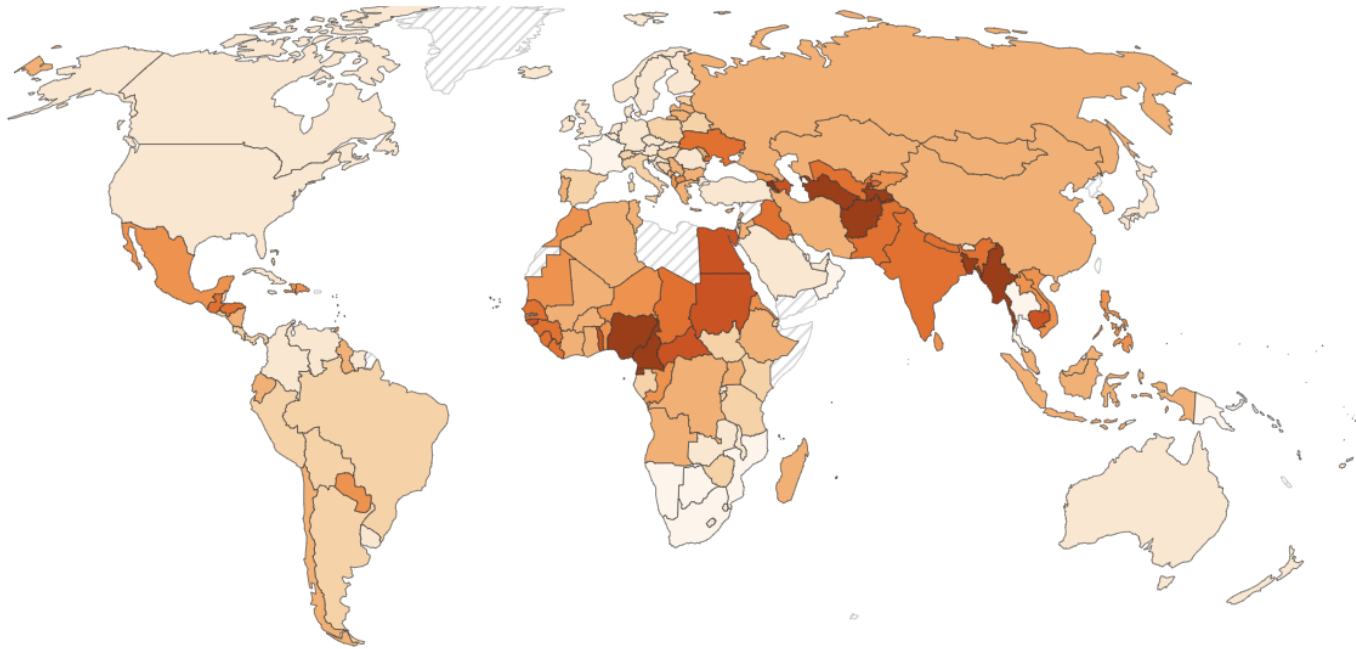


Financial protection: % total health expenditure that is out of pocket



Source: Our World in Data, accessed Jul 2025

Financial protection:



Source: Our World in Data, accessed Jan 2024

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Affordability of a universal system

	Annual expenditure	% GDP
Status quo: 85% @ R5k per capita 15% @R23k per capita	ZAR 492 billion	9.6%

Sources: Blecher et al 2022, Council for Medical Schemes 2024, Census 2022, Author's calculations

Affordability of a universal system

	Annual expenditure	% GDP
Status quo: 85% @ R5k per capita 15% @R23k per capita	ZAR 492 billion	9.6%
If everyone uses current public health sector: 100% @ R5k per capita	ZAR 299 billion	5.8%

Sources: Blecher et al 2022, Council for Medical Schemes 2024, Census 2022, Author's calculations

Affordability of a universal system

	Annual expenditure	% GDP
Status quo 15% @R23k per capita 85% @ R5k per capita	ZAR 492 billion	9.6%
If everyone uses current public health sector 100% @ R5k per capita	ZAR 299 billion	5.8%
If everyone uses current private health sector 100% @ R23k per capita	ZAR 1,420 billion	27.7%

Sources: Blecher et al 2022, Council for Medical Schemes 2024, Census 2022, Author's calculations

A world map illustrating the percentage of the population aged 65 and over in 2019. The map is color-coded according to a legend at the bottom, ranging from 0% (lightest green) to 25% (darkest blue). The United States and Turkey are highlighted in the darkest blue, indicating the highest percentages. Most of Africa and parts of Asia are in the lightest green, indicating lower percentages. Some regions in Africa and Asia are marked with diagonal lines, indicating no data.

Percentage	Color Description
No data	Diagonal lines
0%	Lightest green
2.5%	Light green
5%	Medium-light green
7.5%	Medium green
10%	Dark green
12.5%	Teal
15%	Dark teal
17.5%	Blue-green
20%	Dark blue
22.5%	Very dark blue
25%	Darkest blue

Source: Our World in Data, accessed Mar 2024

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Current system versus proposed health sector reform

	Public sector (NHS Style)	National Health Insurance	Private sector	Social Health Insurance
Population coverage	±85%	Up to 100%	±15%	±20%, depends on design
Annual expenditure	ZAR 243 billion (4.7% GDP)	Unclear, depends on design	ZAR 249 billion (4.9% GDP)	Unclear, depends on design

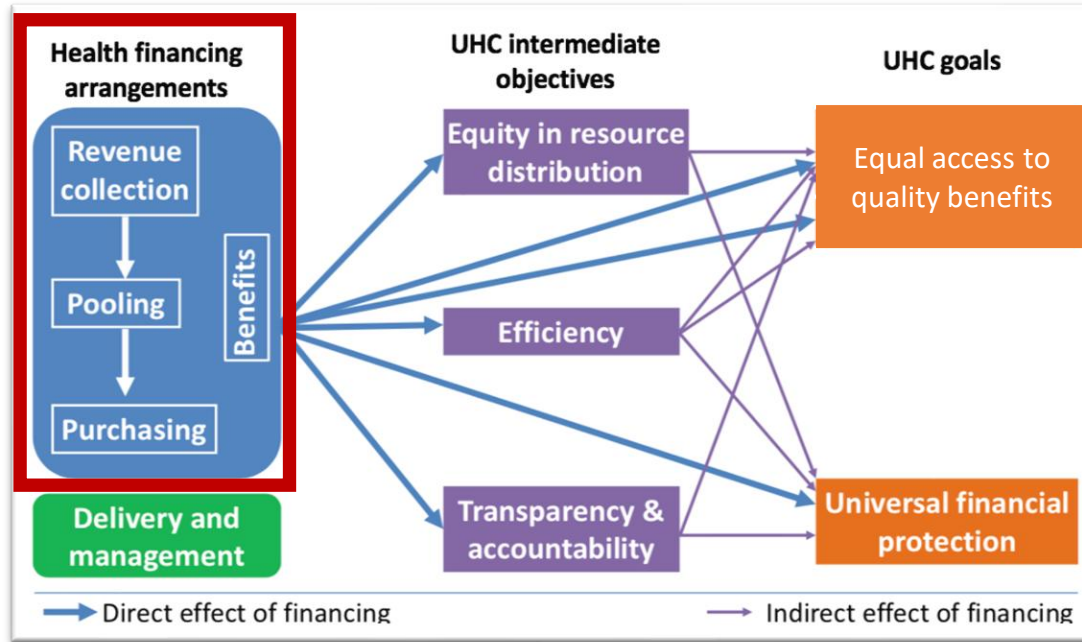


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Pathways to UHC framework

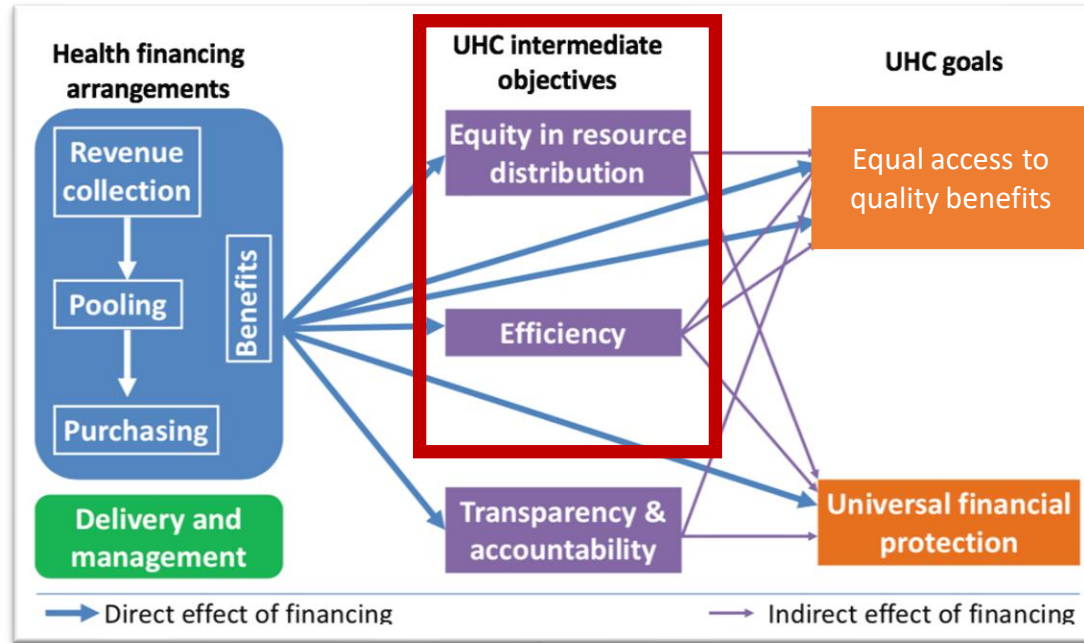


Adapted from Kutzin (2013)

Comparing health financing models

	Public sector (NHS Style)	National Health Insurance	Private sector	Social Health Insurance
Revenue collection	Mandatory via general taxes, means tested user fees at hospitals	Mandatory via general taxes, possible new payroll tax; no user fees	Voluntary via private health insurance, medical savings accounts, co-payments, user fees	Mandatory via community rated insurance contributions
Pooling	One public sector pool	One health sector pool	Multiple pools - number of medical schemes plus choice of benefit options	Multiple pools - but use of risk equalization common
Purchasing – provider payment mechanisms	Payment to providers via historical budget model	Payment to providers via capitation and diagnosis related group models	Payment to providers via fee for service model	Payment to providers can be through various models
Purchasing – health benefit package	Implicitly linked to STGs and national EML	To be explicitly defined in regulation	Explicitly defined in PMB and CDL; implicit for other services	Can be explicitly defined

Pathways to UHC framework

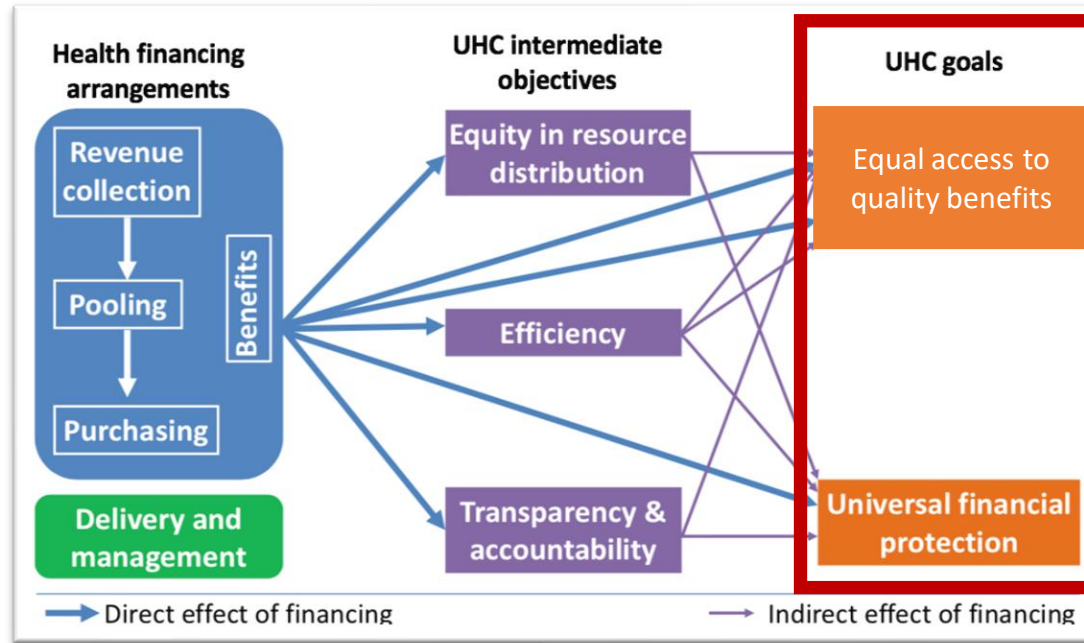


Adapted from Kutzin (2013)

Comparing health financing models: UHC intermediate objectives

	Public sector (NHS Style)	National Health Insurance	Private sector	Social Health Insurance
Equity – income cross subsidization	Good, via progressive tax system	Good, via progressive tax system	No income cross subsidization; regressive	Can be progressive, depends on design
Equity – risk cross subsidization	Good via national to provincial funding transfers; limited at lower levels	Potential for good risk cross subsidization for primary care; unclear for hospitals	Limited risk cross subsidization within schemes	Potential for good risk cross subsidization across schemes
Efficiency - allocative	Some consideration of cost-effectiveness in benefits	Considerations of cost-effectiveness to be more systematically applied in benefits	Unclear	Considerations of cost-effectiveness could be applied, depends on design

Pathways to UHC framework



Adapted from Kutzin (2013)

Comparing health financing models: UHC goals

	Public sector (NHS Style)	National Health Insurance	Private sector	Social Health Insurance
Equal access to quality benefits [within each pool]	Yes, in theory, but in practice highly variable across provinces and rural/urban	Yes, in theory, but in practice will depend on design and implementation	Yes, but depends on chosen insurance option	Yes, in theory, but in practice will depend on design and implementation
Universal financial protection	Good - due to zero user fees for primary care and low means tested user fees at hospitals	Excellent - due to zero user fees on all services	Good - linked to insurance mechanism (co-payments common)	Good - linked to insurance mechanism (co-payments depending on design)

Concluding thoughts

- Current health system delivers excellent financial protection
- Equal access to quality benefits is more challenging:
 - Economic context is sobering
 - Difficult choices on benefits needed
- Further health sector reform would add value
 - Reform to private sector urgently needed, outlined in Health Market Inquiry
 - Reform to public sector also needed, in particular:
 - Choice of benefits
 - Equity in resource distribution – moving from historical budgeting to needs based budgeting
- Enabling convergence between private and public sectors, and a more universal system



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Thank You
Enkosi
Dankie
Kai Gangans



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