

Key Indicators	
Population (2014)	53.7 million
Per capita GDP (2015, constant USD)	\$5,784
Income group	Upper-middle
Health Financing (2013)	
THE per capita (USD)	\$593
THE as % of GDP	8.9%
GHE as % of THE	48.4%
GHE as % of GGE	14.0%
OOP as % of THE	7.1%
DAH as % of THE	1.8%
Pooled private as % of THE	51.6%
HIV Financing (2013–14)	
Adult HIV/AIDS prevalence	18.9%
DHE for HIV/AIDS as % of THE	23%
TAE per capita (USD)	\$44
GAE as % of GGE	1.5%
GAE as % of TAE	77%

Source: WHO, 2013; CEGAA, 2013; PEPFAR, 2015.

THE = total health expenditure, GDP = gross domestic product, GHE = government health expenditure, GGE = general government expenditure, OOP = out-of-pocket, TAE = total AIDS expenditure, PLHIV = people living with HIV, GAE = government AIDS expenditure, DAH = donor assistance for health

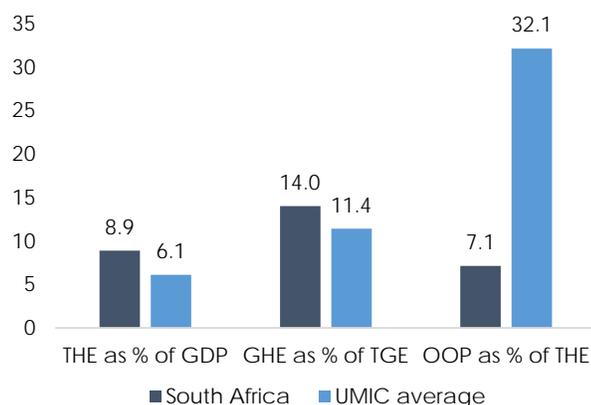
Overview

Most health services in South Africa (about 86%) are provided through the public sector, yet only about 50% of health expenditure comes from the government. The private sector is small and tends to cater to people with medium to high incomes. South Africa has a two-tiered health system divided along socioeconomic lines, resulting in inequitable access to healthcare. The country continues to experience a high burden of HIV and AIDS and tuberculosis and a rising burden of non-communicable diseases.

Government health expenditure (GHE) as a percentage of total health expenditure (THE) increased from 39.9% in 2006 to 48.4% in 2013. External resources decreased from 2.3% to 1.8% of THE over the same period. Out-of-pocket (OOP) expenditures have been decreasing over the years (Figures 1 and 2). The total expenditure on health was US\$23 billion (current exchange rate) in 2015, which represented about 8.6% of GDP (Department of Health, 2015).

South Africa has laid out a strategic program to achieve universal health coverage through “the 10-point plan.” Its focus is on improving infrastructure, human resources for health, and procurement. Compared to the average of upper middle-income countries (UMICs), South Africa’s government allocates more resources to health as a share of total government expenditures (14% versus 11%). The government has been trying to grow its budget line item for health further. Implementation of National Health Insurance (NHI) will be challenging due to the high cost, estimated at a total of US\$16.5 billion per year by 2025 (current exchange rate) (Department of Health, 2015). Shortages of skilled health workers and quality of care also present problems.

Figure 1: Comparative Health Expenditure (2013)



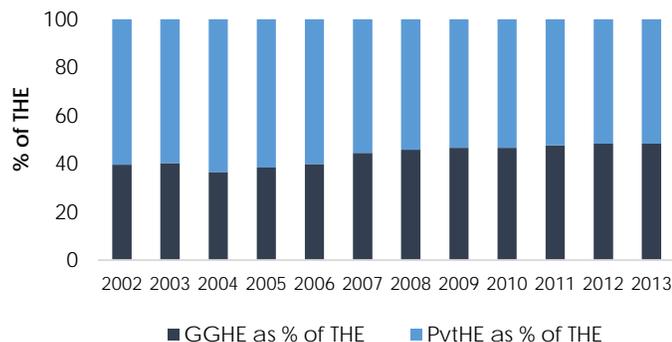
Source: WHO, 2013.

Health Financing Functions

Revenue contribution and collection

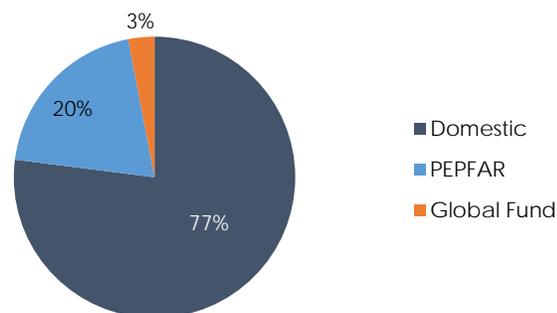
In 2015, 48.3% of THE was from public sources, 49.8% was from private sources, and 1.9% was from donors. The national Department of Health accounts for 2.5% of GHE and provincial departments for 87.0%. OOP expenditure and medical scheme contributions account for the majority of private health expenditure (PvtHE), at 13.0% and 83.5%, respectively (Department of Health, 2015). Medical schemes vary by occupation and the capacity of people to afford them, thus fragmentation limits cross-subsidization. Public clinics charge user fees, differentiated according to income level. Various medical schemes require members to pay copayments to providers for services that are not part of the benefits package.

Figure 2: Share of Total Health Expenditure (as % of THE)



Source: WHO, 2015. PvtHE includes OOP, contributions from voluntary health insurances, and donor assistance.

Figure 3: HIV Expenditure by Source (FY 2013/14)



Source: PEPFAR, 2015.

Pooling

South Africa has 83 private medical aid schemes that fund health services for about 16% of the population; they include formal sector workers and, in some cases, their dependents (Department of Health, 2015). The remainder of the population relies on tax-funded health services—these people are informal sector employees, the unemployed, and poor individuals. Tax funding allows for a large risk pool, enabling people who cannot pay for care to receive it.

Purchasing

Tax-funded services consist of a comprehensive health package. South Africans have access to a wide range of services, from primary to highly specialized care. Private schemes cover core services from the prescribed Minimum Benefit Package (MBP). Each scheme covers different services but all are mandated to cover the services from the MBP. The proposed NHI benefits package has yet to be defined, but private medical aids would likely cover additional services not included in the NHI package. NHI would also establish a transitional fund to purchase primary healthcare services from certified public and private providers and would abolish user fees in public hospitals.

HIV Financing

Between 2005 and 2013, HIV spending increased by 262%. The consolidated national and provincial health HIV and AIDS allocations constituted 7.9% of health expenditure in fiscal year (FY) 2012/13. The government currently provides over three-quarters of the funding for HIV (Figure 3). For FY 2016/17, the government is projected to contribute more to its HIV response; an estimated 82.9% of funding will come from the government, 3.8% from the Global Fund to Fight AIDS, Tuberculosis and Malaria, and 13.3% from PEPFAR (DOH and NAC, 2016). The government launched the *National Strategic Plan for HIV/AIDS and TB for 2012–2016*. Its main goals are to reduce the number of new infections by at least 50% and initiate at least 80% of eligible people on antiretroviral therapy. The total annual cost of this plan in FY 2012/13 was US\$1,229 million (current exchange rate).

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