

New study: Fiscal interventions could ease SA's public health burden

A new [report](#) shows strong evidence that fiscal interventions – such as taxes and subsidies – would address health impacts and improve public health.

“Using fiscal instruments to achieve positive health outcomes is not a new strategy, but this report suggests that they could be used to much greater effect by saving lives, cutting costs, raising revenue and preventing a great deal of illness, and will help to contain the ballooning costs of healthcare and social grants,” says Professor Karen Hofman, director of [Priceless SA](#), a division of the Wits School of Public Health.



National Health Insurance programme

The report focuses on fiscal interventions that not only improve health outcomes, but also have the remarkable potential to improve both public health and fiscal wellbeing, helping to alleviate the added fiscal burden of the impending National Health Insurance (NHI) programme.

Initial analyses of a selection of excise taxes studied in the report would, by themselves, reduce lives lost by hundreds of thousands over the next 30 years. Hofman says that South Africa has made tremendous progress in public health over the past two decades, including reductions in child deaths and communicable diseases, and an immense scale-up of treatment for people with HIV.

Social determinants

However, much work remains to be done including the planned nationwide roll-out of the NHI scheme in 2025. This continues the emphasis on providing services through the healthcare system, which is important but not the only pathway to improving population health.

Despite a growing recognition that the social determinants of health exert a greater influence on population health than direct interventions within the health sector, there is little understanding of how existing fiscal and trade policy instruments can be leveraged to improve health.

Health-focused fiscal policies

Experiences from developing countries show that these instruments work well when public institutions are credible and strong, when consumers and producers respond to changes in prices, and when the policies are appropriately designed to ensure that the most vulnerable people benefit from them.

The prospects for the adoption of such fiscal policies are encouraging. For instance, many Asian and African states have mandates to provide universal health coverage (UHC), and South Africa is embarking on the road to NHI. However, this wave of global interest in UHC is likely to encounter several important obstacles, including the severity of the disease burden they face and the availability of sufficient revenues to finance services. The use of health-focused fiscal policies could ease both of these concerns.

Burden of disease and barriers to health

South Africa has a complex health profile characterised by the burden of disease (including maternal and child mortality, HIV/Aids, violence and injury and non-communicable diseases), numerous barriers to health services including stock-outs, distances to healthcare facilities and waiting times, all of which contribute to a seriously challenged formal health system.

Ensuring the achievement of a long and healthy life for all citizens will require more than treatment. What is crucial will be to prevent disease in the first place, by developing effective and cross-sectoral public health policies.

Lifestyle risk factors

“While clinical care is one essential component of a population health improvement strategy, in isolation it will not solve all of South Africa’s health problems. This is particularly true for the NCD epidemic that continues to grow, placing an ever-increasing burden on an already-overwhelmed health sector.”

Priceless SA explains that alcohol, tobacco, high body mass index, and poor dietary choices, categorised as lifestyle behaviours, are major drivers of poor health outcomes from NCDs. These risk factors, characterised by over-consumption of harmful products and under-consumption of beneficial ones, are the major potentially modifiable determinants of ill-health in South Africa. They are ideal targets for fiscal interventions—taxes or subsidies, depending on the desired outcome—that can alter behaviour to improve health.

Priceless SA reviewed a set of potential fiscal policy instruments that could tackle South Africa’s disease burden. The available tools considered include excise taxes, subsidies and income transfers. Taxes, such as those on alcohol and tobacco, present the opportunity to reduce the occurrence of behaviours responsible for lifestyle and non-communicable diseases. Other interventions considered include subsidies to reduce the economic burden of transportation on pregnant women and incentives for chronic disease treatment adherence.

Meeting sustainable development goals

“We find preliminary evidence that fiscal measures – including taxes and subsidies – can improve health in the short term without relying either on additional budgetary allocations to ministries of health or on public health systems to work more efficiently as well as raise revenue.

These fiscal measures could thus help to reduce inequalities in health and contribute to progress towards meeting numerous sustainable development goal (SDG) targets, including a reduction in premature mortality from NCDs, strengthen implementation of World Health Organisation recommendations on tobacco control and achieve universal health coverage,” Hofman adds.

Co-chairs of the panel, Kate O'Regan, a former judge of the Constitutional Court of South Africa and Leila Patel, professor and director of the Centre for Social Development in Africa, University of Johannesburg, believe the report will make major contribution to the health and fiscal policy debates as to how best the vision may be achieved for improving the quality of life for all South Africans.

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