

Negotiated Health Schemes

An Appropriate Option For the Unions?

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There is widespread agreement that the health system of South Africa is in crisis. The crisis has many dimensions. These include the crumbling public sector which is overburdened and underfunded; the significant increase in the cost of health care, especially to those dependent on the private sector; the policy of the state to unilaterally privatise public sector health facilities and the state's insistence that the medical aid schemes become the main source of financing for health services; and the emphasis on expensive, high technology curative care and the parallel neglect of primary health care services.

The State Should Provide

The trade union movement has responded to the health care crisis by demanding that the state reverse its policy of privatisation and insisting that it is the state's duty to provide health care benefits to all those in need. I conducted interviews with the Southern Natal branch secretaries of five unions affiliated to COSATU. Four of the respondents agreed on the need for a national health service (NHS) and one argued that it should be the state's responsibility to provide health services to those who cannot afford private health care fees. Four of the unionists thought that the state should provide free health care to the working class while one felt that the state should charge a reasonable fee. All the respondents agreed that health care should be treated as a basic right available on the basis of need rather than the ability to pay. There was also agreement that unions need to be involved in the shaping of national and regional health policy.

These responses are in line with the historical position of trade unions in many parts of the world. Navarro has argued that trade unions are one of the driving forces behind the struggle for universal entitlement to health care, based on need rather than the ability to pay. Trade unions in many industrialised countries have been particularly successful in this regard. In South Africa, however, the trade union movement still has to convert its demands into concrete gains. Moreover, the unions still have to crystallise their views on a

future health system. From the interviews, it became apparent that most unions are still in the process of debating the nature of the national health policy that will serve the interests of their membership.

Workers' Immediate Health Needs

It is, nonetheless, also true that trade unions have to meet the immediate material needs of their members. South African workers have begun to demand affordable and accessible care in the form of membership to medical schemes. Within the South African Commercial and Catering Workers' Union (SACCAWU), it has been recognised that the demands of their membership must be linked to the needs of the broader working class, including the unorganised and the unemployed. At the same time, it has also been argued that "it is difficult to reject medical aid because workers need proper health care now".

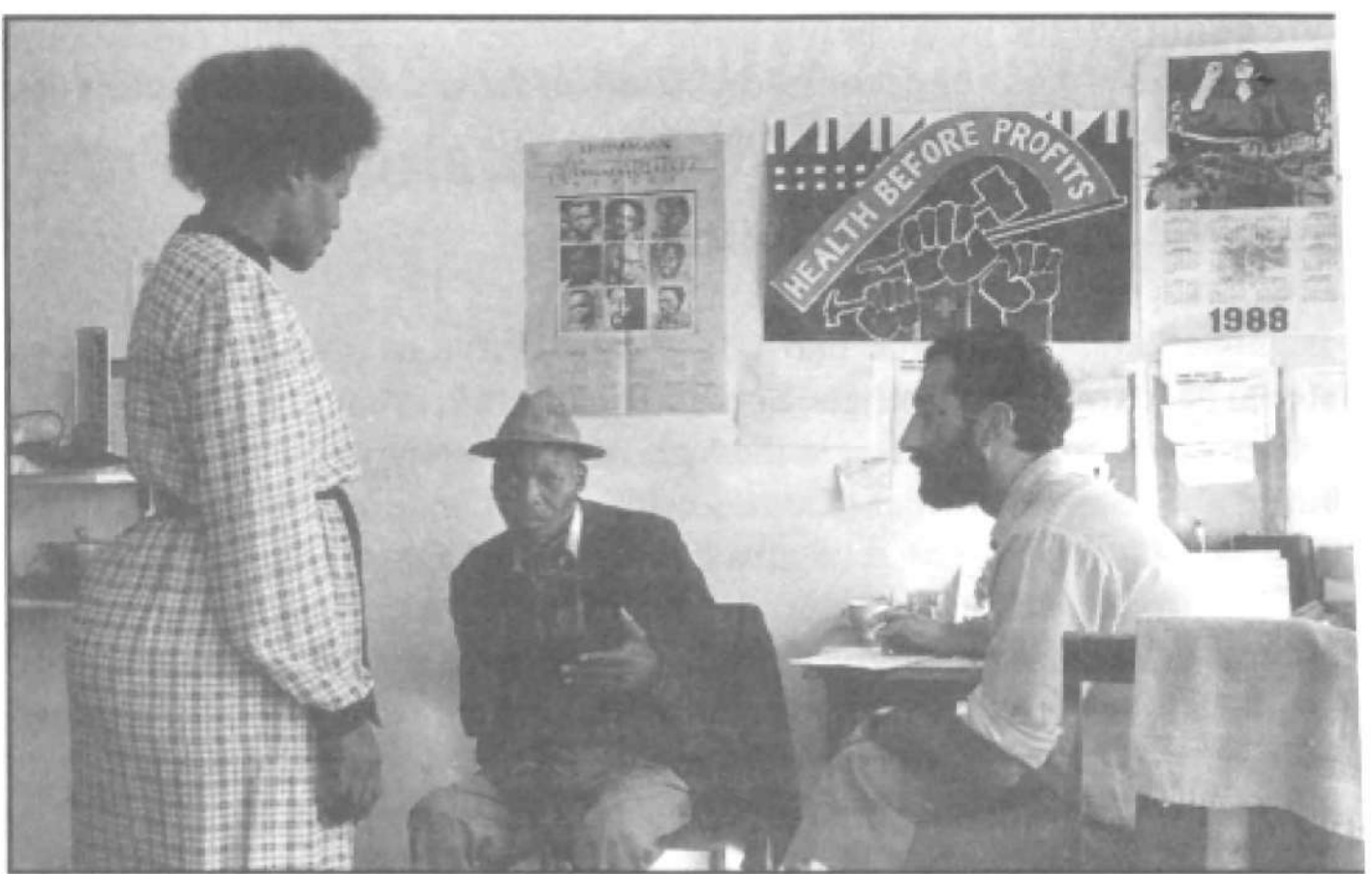
In 1989, a National Union of Metalworkers of South Africa (NUMSA) research group proposed an alternative to the medical aid scheme system. This proposal was similar to that of the Centre for Health Policy researchers, Broomberg, de Beer and Price. The key features of the proposal were the following. Health schemes would contract the services of health care providers and thus eliminate the fee-for-service aspect, thereby reducing costs. Members of these schemes would have more control over services than they would have in typical medical aid or benefit schemes. The schemes would be established in such a way as to easily incorporate them into a future national health service.

More recently, the National Union of Mineworkers (NUM) appears to have been investigating schemes that have similar features to that proposed by NUMSA and Broomberg, de Beer and Price. The type of service envisaged is one similar to the staff health maintenance organisation (staff-HMO), that is, a primary health level clinic run by health providers who are paid by a salary.

Staff-HMOs - Dividing the Working Class?

It may be argued that the NUMSA and NUM initiatives are imaginative and constitute a positive contribution to the demands of their members. The advantages of the proposed HMO system are to be found in its key features. It provides a mechanism that can potentially deliver affordable, accessible health services in a way in which members have control over both the financing and delivery mechanisms. This is surely more than workers are getting at present.

However, the suggestion that the unions should negotiate for staff-



FAWU ran a clinic in the Western Cape. Photo: Medico

HMOs to meet the needs of their members is not without its problems. It can be argued that the creation of in-house HMOs by the unions would violate the principle of universality. In fact, four of the Southern Natal unionists interviewed argued against HMOs. In the words of one respondent, such a response by the union would create a 'union aristocracy' or elite segment of the working class, thus dividing the working class.

Current trends suggest that only a small percentage of the working class will have access to union initiated HMOs. At present, only 6,5% of the total African population are members of medical schemes, and only a portion of this number are workers. The formal employment sector is shrinking while the ranks of the unemployed and the informal sector are growing rapidly. Employers may currently be willing to subsidise health care benefits, but this is one of the first casualties in firms that are struggling financially. The majority of the working class will thus be increasingly reliant on a collapsing state sector.

This argument may be countered by the suggestion that staff-HMOs may incorporate mechanisms that include the possibility for non-members to obtain care as fee-for-service patients. However, this suggestion may only be viable in communities in which HMO members are in the majority, or if certain limits are placed on the services available to non-members. Otherwise, the HMO will

be viewed as a service that supplements the public sector facilities and will soon be overloaded. There is a real danger that union initiated HMOs will provide a further opportunity for the state to decrease its commitment to providing public health care facilities.

Possible Resistance to an NHS

The suggestion that the salary model HMOs that 'belong' to organised workers could become the foundation of a future national health service is also problematic. Proponents of this proposal do not envisage any resistance from workers to incorporation into a national health service. But workers may become comfortable with their own facilities and be reluctant to share these with the rest of the population. There is every reason to expect such resistance given the experiences of other countries. The American trade union federation, the AFL-CIO, has, over the years, won significant access to health care resources for its members, by way of medical aid schemes. It has since been resistant to the creation of a national health insurance system.

Esping-Andersen agrees that it is possible that organised workers may be reluctant to share health resources with other segments of the working class, despite their current claims to the contrary. He argues that, while unions see their own organisations as "embryos of an alternative world of solidarity and justice, as a microcosm of the socialist haven to come, ... these micro-socialist societies often became problematic class ghettos that divided rather than united workers, (as) membership was typically restricted to the strongest strata of the working class, and the weakest, who needed protection the most, were most likely outside".

The Southern Natal unionists also raised practical difficulties with the staff-HMO proposal. In some of the packages that are currently being negotiated, provision is made for employers to continue covering retrenched workers for 13 weeks after retrenchment. But how, for example, will the staff-HMOs counter the loss of income as a result of reduced employer contributions in the wake of massive retrenchments? Given that state facilities will shrink further if more private facilities are created, who will provide health care benefits for retrenched workers once the 13 weeks of coverage has expired? The need for adequate benefits for those conditions which incur high costs, for example AIDS, also presents a problem, as each staff-HMO will only be able to spread the risk across its relatively small number of members.

Guaranteeing the Rights of the Working Class

The unions have a difficult task: how do they respond to the need of their members for access to health care resources and, at the same time, fight for equitable access to health care for the entire working class? One solution appears to be the creation of staff HMOs which may be open to some members of the public. However, this option presents many problems, as we have argued above. Another possibility is that unions use their bargaining powers to, on the one hand, demand that employers, either individually or collectively, fund public health care facilities and, on the other hand, pressurise the state to increase the health budget and guarantee access to health care for all South Africans.

It might be argued that the second option does not meet the immediate needs of the organised working class and that unions have a responsibility to meet the needs of their membership. In addition, there is a possibility employers may not be willing to co-operate in securing better health care facilities for all. Given these arguments, it might be suggested that unions should embark on the creation of staff HMOs and simultaneously demand that the state provides adequate public facilities.

The last mentioned option is a dangerous one. Any attempt to obtain better facilities for one segment of the working class is ill timed, at a critical period of transformation. Buying into employer-sponsored health insurance, of any kind, will strengthen the hand of capital and weaken that of the working class. Access to health care is a right and unions should demand that the state guarantees this right. It is now, more than ever, that the organised working class has to consider the needs of, and act on behalf of, the working class. This is particularly important in South Africa, given that a significant segment of the working class is unemployed or under-employed and thus relatively powerless.

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