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THE UNIVERSITY OF CAPE TOWN

MEMORANDUM

Draft Bill: Academic Health Centres Bill, introduced in Parliament by the Minister of Health (April 1993)

This memorandum draws attention to unresolved and critical problems surrounding the draft legislation to create Academic Health Centres.

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Support within Teaching Hospitals for the concept of Academic Health Centres arose from the need to ensure greater flexibility in the management of "Teaching" or "Academic" hospitals, a flexibility which would acknowledge the teaching and research aspects of their function as well as their other primary function of providing comprehensive health care. Examples of the problems which have emerged include the indiscriminate freezing of posts irrespective of the functions attached to them; the time-consuming and frustrating procedures which have to be followed for the purchase of equipment or the approval of long leave and particularly overseas leave important for academic functions, and the lack of the abili to carry funds forward from one year to another or to build up reserve fun . Essentially, the Academic Hospitals have been "over-regulated" by the Central Government acting through the Provincial level of government.

The concept of Academic Health Centres was not aimed to release the Government from its responsibilities for health care provision, nor was its objective to allow for the emergence of autonomous major health institutions which can set their own course and which are not embedded in regional (and national) health care provision. The Academic Health Centres as envisaged in the draft Bill may well go some way to achieve the primary objective of improved management efficiency, but what will be achieved will pay far too high a price in terms of comprehensive national health care.

The University of Cape Town has from the outset found the concept of autonomous "Academic Health Centres" problematic because of the absolute need to embed the hospitals in the health services of each region for which plans must be comprehensive and integrated. South Africa has a long history of fragmented health services and we are concerned that the creation of autonomous Academic Health Centres will add to and not diminish this fragmentation.

This is particularly serious in those regions where for historical reasons (i.e. the development of Medical Faculties at certain Universities) more than one Teaching Hospital exist together with a well-established set of large private hospital all run for profit.

Another serious problem not addressed by the concept of Academic Health Centres (and for which the draft Bill provides no solution) is the "envelope" that is appropriate for a articular Academic Health Centre in terms of those individual hospitals w ere a section of the facility is devoted to academic purpose and the rest is essentially non-academic. (A good example would .be Valkenberg Hospital with about one-third of the beds "academic", one-thlrd "forensic", and the rest "chronic").

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The University of Cape Town has strongly supported the call by the University of the Witwatersrand and other Universnies for the maximum delegation of powers permissible under current legislation to be provided in the system of the Teaching Hospitals. It has recognised that this will not solve all the organisational and management problems experienced by the hospitals at present, and it is for this reason that the further option of legislation to improve management facility has been looked at in order to improve the situation.

The University of Cape Town has accordingly repeatedly proposed that Joint Agreements should first be entered into between each University, on the one hand, and the respective Provincial Health Authority and the Department of National Health a Population Development, on the other. Such Joint Agreements could include the concept of an Academic Health Centre coming into being once all parties were satisfied that the health services would be optimally organised and aligned. The Minister would then proclaim an Academic Health Centre, able to conduct its affairs efficiently and in the best interests of all concerned.

Of great concern to the University of Cape Town is the fact that the proposed legislation does not emphasise the central and indispensable role of Joint Staff and there seems to be no appreciation of the significance of such staff and of the crucial role that they must play in order to make the system work: this problem also has its origin in the absence of a prior requirement for Joint Agreements between partners in the enterprise. -

The University of Cape Town believes that it is likely that many members of the medical staff, the nursing staff, the administrative staff and staff in other grades and occupations will choose to remain on the Public Service conditions which they presently enjoy. This will mean that the Academic Health Centres will have relatively few members of staff on the conditions of service of the Centre itself and that, in addition to "Joint Staff" there will be staff who, working shoulder to shoulder and in different line situations, will have different conditions of service. What are the full implications of this for autonomy, which is likely to be linked, in terms of recent experience, with inadequate funding from Treasury? The income which could be gained from direct patient charges in most hospital centres is likely to be limited, as they will continue to fulfil their important role in the treatment of indigent patients. The Academic Hospital Centres could well be faced with the prospect of having to reduce staff below critical levels and if the staff had been seconded from the Public Service (the Province), to find that these are no longer needed and such staff would then have to be retrenched. The financial responsibility and the responsibility in the eyes of the communi would then clearly have been shifted to Academic Health Centres, away from e Department of Health and Population Development and the Government where it should properly rest. Autonomy without resources is a very mixed blessing.

The University believes that there may be serious industrial unrest in the Academic Health Centres if their creation tums out, at least in the eyes of thousands of retrenched staff, to have been a device for the termination of their services by an autonomous organisation.

Section 11(a) of the draft Bill states that a Supervisory Board may "provide health care services of its own accord.. as one of the functions of an Academic Health Centre. What does this mean? Does an Academic Health Centre have the power to refuse to admit certain patients? Can it decide to convert a significant number of its beds for exclusive use of fee-paying patients? Can it refuse to provide primary and secondary health care of any kind? If an Academic Health Centre makes these decisions, how does the regional health authority cope with its responsibilities for providing adequate health care, particularly for indigent patients? It is necessary again to emphasise that the structures needed to regulate the activities of autonomous Academic Health Centres and Private Hospitals in a health service region Win and surely this is a prerequisite for the establishment of Academic Health Centres that will not themselves become as seriously dislocated out of the national and regional system as the Private Hospitals already are? (See above.)

This University has a serious concern that the proposed Supervisory Boards will be unable successfully to "direct" the hospital organisations with budgets of hundreds of millions of rands because they may be inappropriately constituted from the point of view of management and business expertise. The draft Bill does not indicate how the tension between "expertise" and "representation" (see chapter 10(l)1 will be resolved and the strong impression has been gained in the trial period where shadow Supervisory Boards have functioned that they will not be up to the enormous task of managing directly the affairs of non-proiit institutions that will be obliged to operate within national health policy, that will probably be under some regional health service management constraints imposed in ways yet to be decided and that will still have to come out on budgets that may become smaller rather than bigger in the future.

There are inconsistencies in the draft Bill concerning certain functions of the Supervisory Boards and the exercise of control by the Minister. For example, the Superwsory Board in chapter 20(4) is empowered to charge fees "as it may deem fit" yet in chapter 32, the Minister "after consultation with the Policy Council" may make regulations as to "matters in respect of which fees shall be payable to the Academic Health Centres, the amounts of such fees ..... ", etc.

There is another major question which the legislation does not answer and this concerns the way in which insurance of the buildings and property of Academic Health Centres will be effected (possibly at cost to the Supervisory Boards concerned?) and how municipal rates Will be paid. The Government self-insures and can afford to do so. Will it include the Academic Health Centres under this umbrella? Will municipal rates also be covered by additional subsidy? The new costs under these headings will be enormous and budgetary prowsion will have to be made.

Since the concept of Academic Health Centres was first mooted, the University of Cape Town has had reservations about it. There have been considerable political changes in South Africa in the meantime and there is now a timetable which will give rise to an interim government in the foreseeable future. This means that the draft Bill represents a "restructuring" of an important part of the health service of South Africa which cannot be examined or influenced by the population has a whole. That is a serious concern at this time.

For all the reasons outlined in this Memorandum, the University of Cape Town cannot support the introduction of the proposed legislation in regard to the Academic Health Centres. The University proposes that the final decision on this matter await the formation of an Interim Government and that, in the meantime, every effort be made to give the Academic Hospitals which presently exist, every possible measure of additional management autonomy to im rove their efficiency and to recognise their academic as well as their service role witgout diminishing their important role in regional health provision. In this context, the University associates itself with the words of the present Administrator of the Cape, spoken in Parliament on 7 April 1992 while arguing in favour of the retention of integrated health services, including the academic hospitals:

"It is common knowledge that the vertical fragmentation of health services in terms of the own affairs concept has failed and that the end is in sight. This, to our minds is a positive development. a 1

However, the decision on the one hand to take academic hospitals away from the CPA and to put them under the control of the 3 Department of Nation Health and, on the other hand, to gradually devolve the responsibility of primary health care services to local authorities is a source of grave concern.

Although we do not for a moment doubt the good intentions behind this action, it is in our view nothing more than horizontal fragmentation, which can seriously hamper the Cabinetis laudable objectives for health services. "

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University of Cape Town
3 May 1993

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