



insight

foresight
dialogues 2023

LEVEL UP 2023

Good Governance: A Catalyst for Improved Medical Scheme Performance

Tebogo Phaleng

Head | Strategic Health Governance

Global Perspective

IT'S TIME TO UP YOUR GAME 

Prosperity

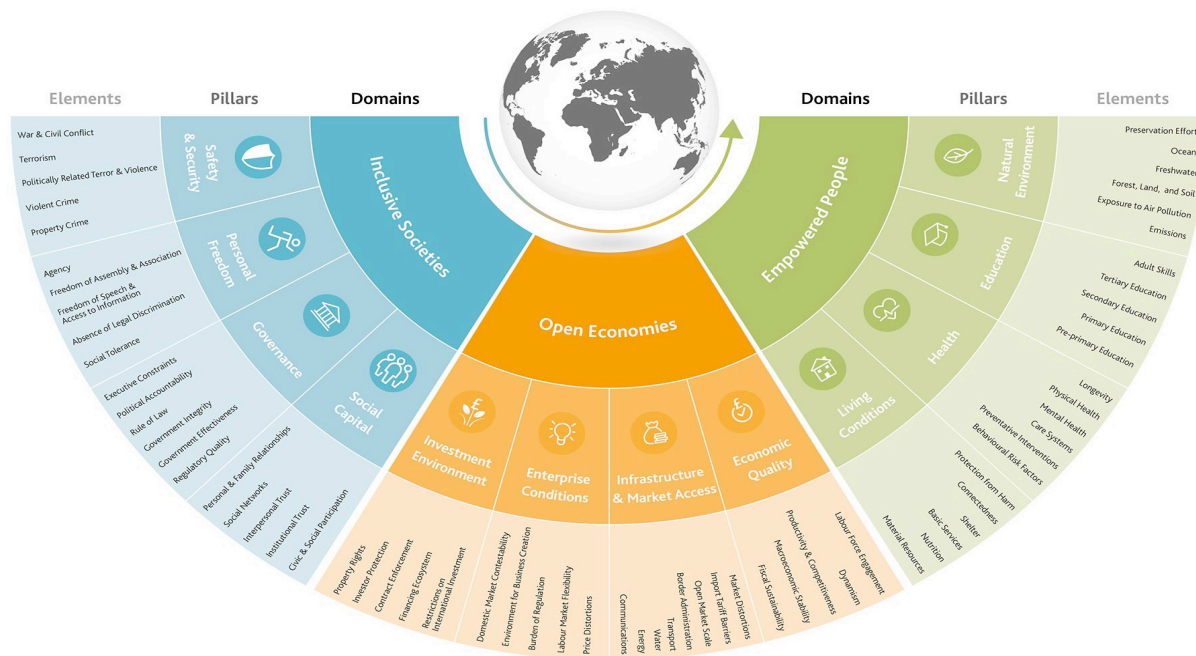
/prɒˈspɛrɪti/ noun A state of good fortune as a result of social and economic success

More than just financial wealth...

- An **inclusive society** with a strong social contract that protects the fundamental liberties and security of every individual
- Driven by an **open economy** that harnesses ideas and talent to create sustainable pathways out of poverty
- Built by **empowered people** who have opportunity and freedom to thrive, who contribute and play their part in creating a society that promotes wellbeing



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The Legatum Prosperity Index™
www.prosperity.com

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Prosperity Index 2023 – Top 10

All Countries



1. Denmark
2. Sweden
3. Norway
4. Finland
5. Switzerland
6. Netherlands
7. Luxemborg
8. Iceland
9. Germany
10. New Zealand

Upper Middle-Income



1. Costa Rica (39)
2. Malaysia (43)
3. Romania (45)
4. Mauritius (47)
5. Bulgaria (48)
6. Montenegro (49)
7. Panama (50)
8. Serbia (52)
9. Georgia (53)
10. South Africa (75)

Africa



1. Mauritius (47)
2. Seychelles (51)
3. South Africa (75)
4. Botswana (83)
5. Namibia (90)
6. Morocco (96)
7. Ghana (98)
8. Tunisia (99)
9. Kenya (108)
10. Rwanda (111)

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Country Perspective

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Prosperity Ranking | South Africa

2007

#62



Governance	Personal Freedom
Social Capital	Safety Security
Inclusive Society	

Economy	Infrastructure Market Access
Investment Environment	Enterprise Conditions
Open Economy	

Education	Health
Living Conditions	Natural Environment
Empowered People	

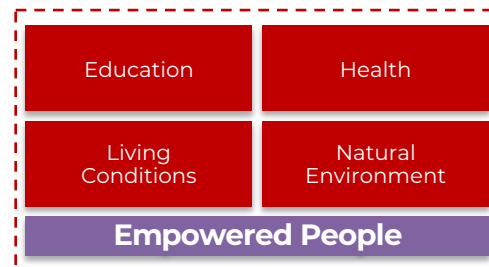
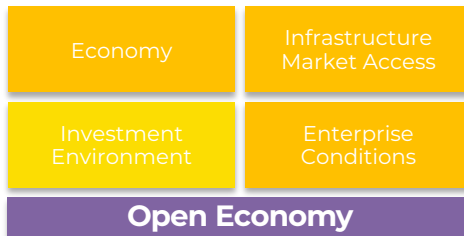
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Prosperity Ranking | South Africa

2023

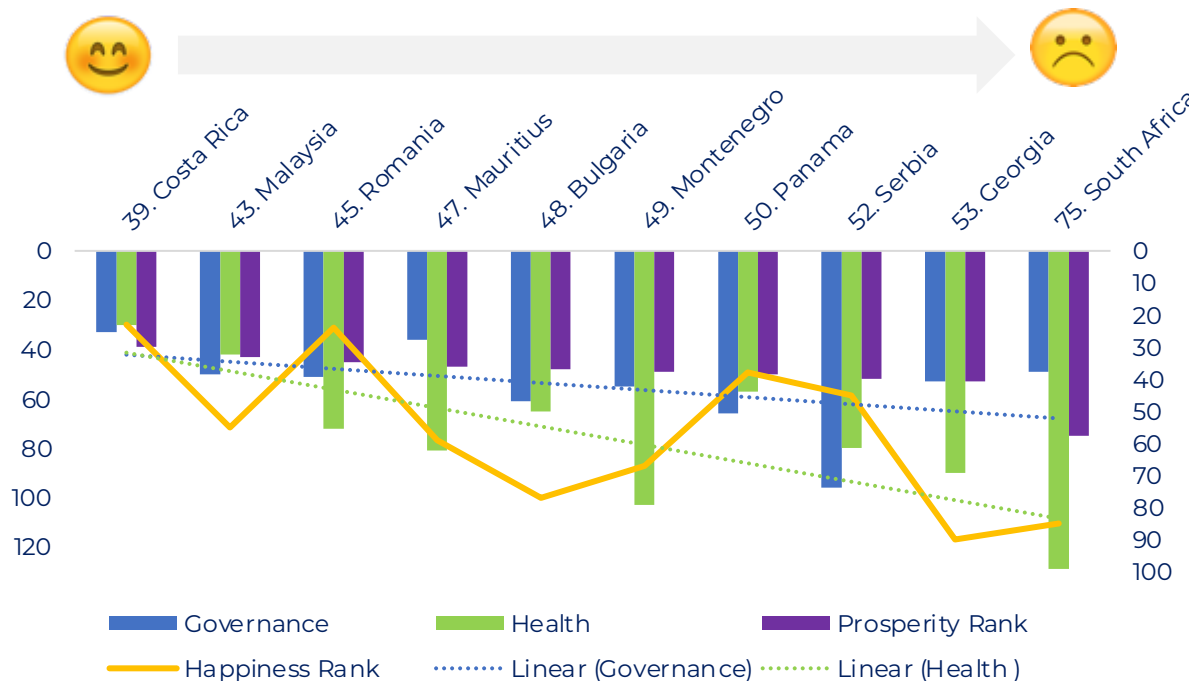
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Prosperity and Happiness



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Health System Perspective

IT'S TIME TO UP YOUR GAME 

The Health System is a Critical Asset

1



Social Stability

- Build hope and social cohesion
 - Protect households against healthcare-related financial burdens and catastrophic risks
 - Build resilience against health crises
-

2



Human Capital

- A (mentally and physically) healthy population tends to be more economically productive
 - More likely to pursue education, economic activity → drives economic performance and competitiveness
-

3



Economy

- Lancet: Health outcomes account for approx. 24% of economic growth in low- and middle-income countries
 - WDJ: 1 year increase in life expectancy contributes up to 4% increase in GDP per capita
-

4



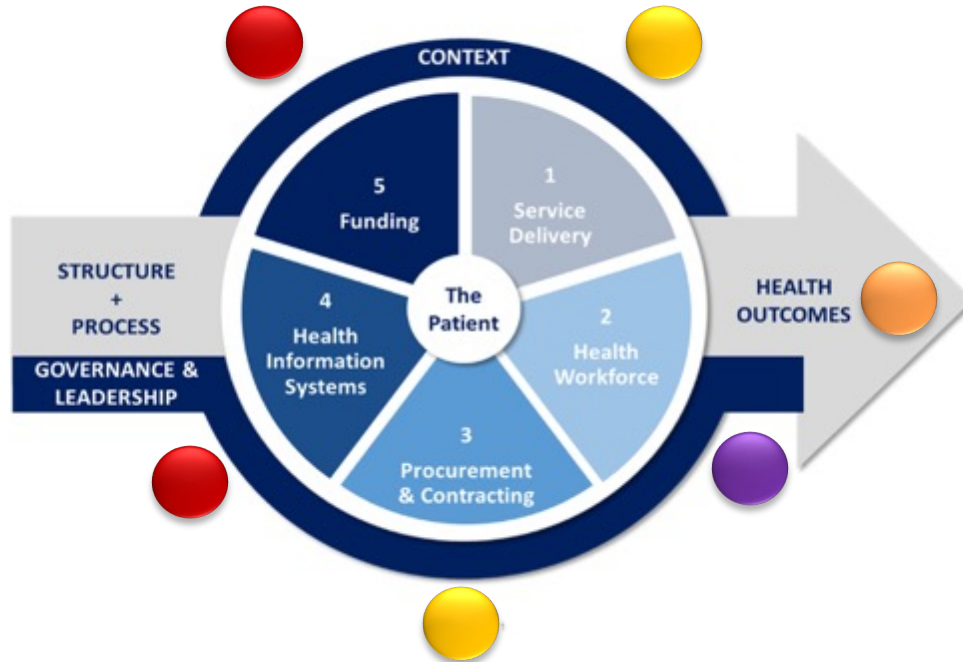
Investment

- Reliable proxy for a higher quality of life
 - Investors (and skilled professionals) prioritize destinations with accessible, high quality healthcare services
-

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SA Health System Performance

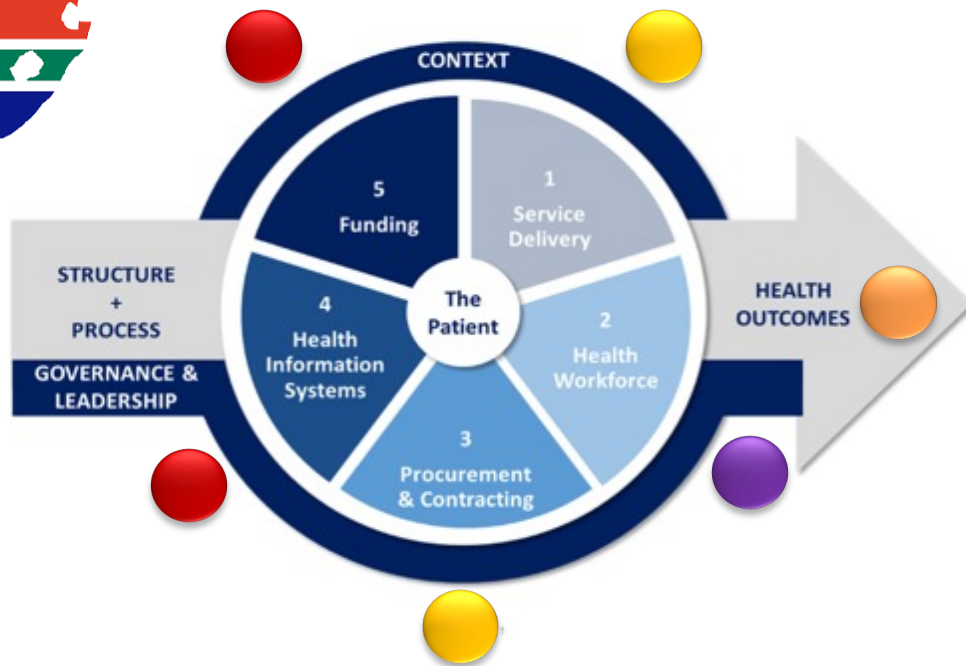


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SA Health System Performance



Poor Policy Implementation



Corruption
Lack of Transparency



Financial & Operational
Mismanagement



Deterioration of Services



No Respect for Rights



Public Distrust



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Organisational Perspective

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Organisational Decline Warning Signs

1

Dysfunctional Leadership

- Purpose is unclear
- Direction inconsistent
- Poor decision-making
- Failure to address critical issues
- Trust deficit

2

Communication

- Breakdown of communication channels

3

Low Staff Morale High Staff Turnover

- Staff/leadership disengaged
- Lack of confidence in governance structures processes

- Outdated methods/processes
- Resistance to change/new tech
- Low productivity
- Inability to adapt to changing market demands

- Poor financial controls
- Budgetary misallocations
- Excessive spending

- Lines and mechanisms of accountability are unclear
- Lack of transparency in decision-making processes
- Ethical concerns are not addressed → erodes trust

Lack of Innovation

4

Financial Mismanagement

5

Lack of Transparency Lack of Accountability

6

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Post-Mortem Report



Inadequate Board Oversight

Conflicts of Interest

Financial Mismanagement
Related-Party Transactions

Accounting Irregularities
Opaque Reporting

Inadequate Risk Management

Weak Assurance Framework

Inadequate Regulatory Oversight



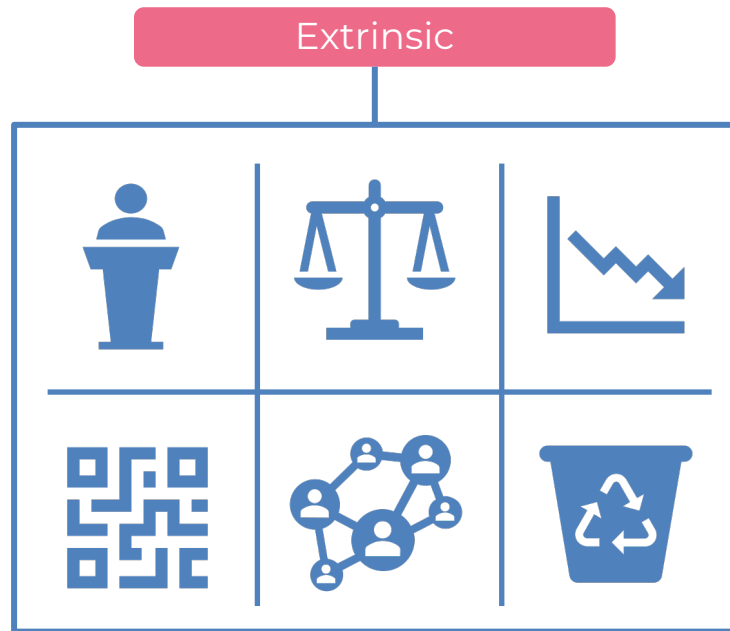
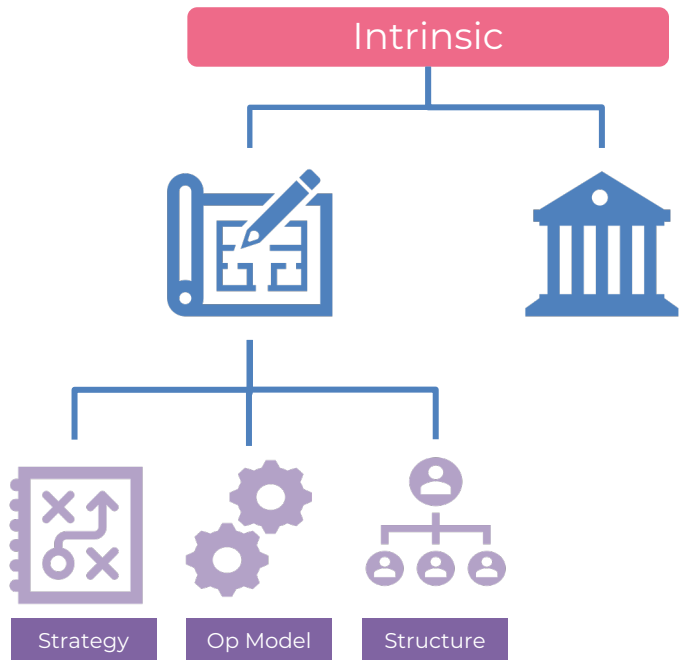
TOSHIBA

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Governance Made Easy

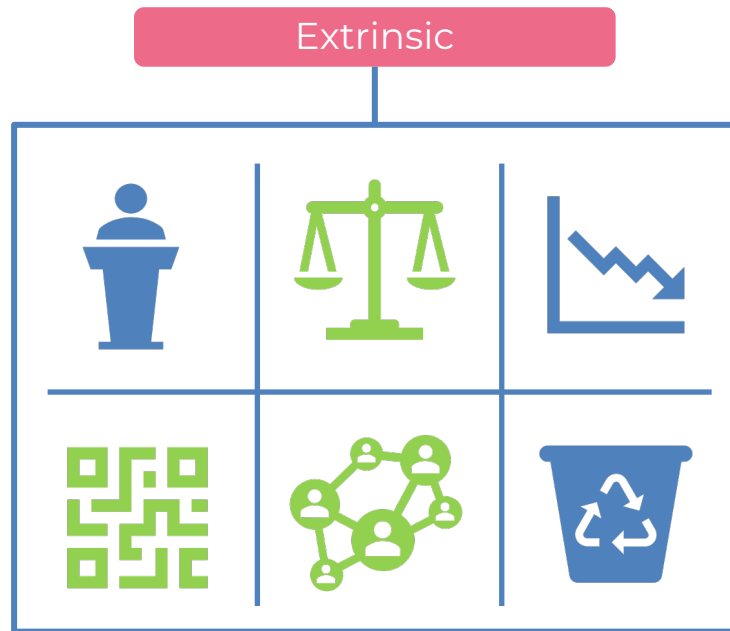
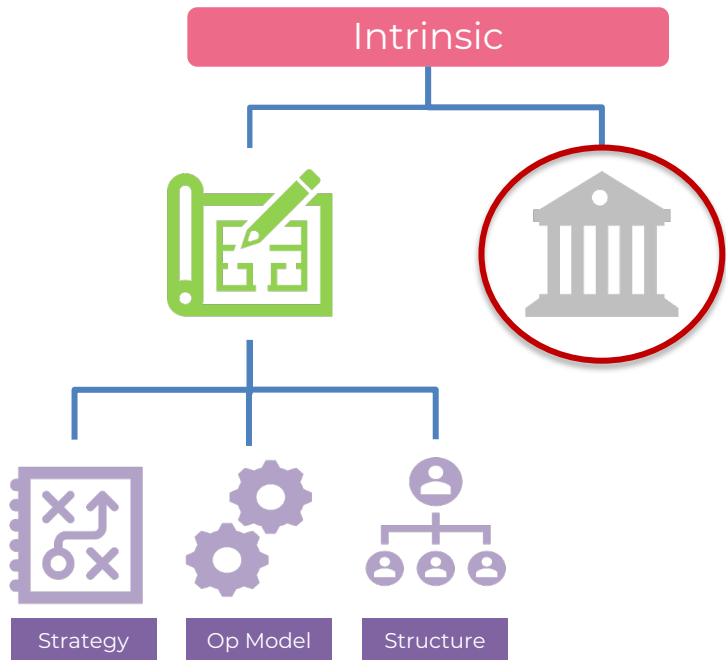
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Driving Organisational Performance



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Drivers of Organisational Performance



IT'S TIME TO UP YOUR GAME △ ○ × □

Governance that Drives Health Performance



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Governance that Drives Health Performance



Medical Schemes Act (1998) & Regulations
Other Applicable Laws

Scheme Rules

Governance & Accountability Framework

Outcomes

1

Functional Governance

1. Ethical culture; Transparency
2. Effective leadership
3. Strategic alignment & value-creation
4. Effective internal controls
5. Relationships of trust

2

Adequacy of Funds

1. Operating result
2. Investment Income
3. Reserve Ratio

3

Create/Enhance Stakeholder Value

1. Product design
2. Access to quality health services
3. Effective value purchasing and financial risk protection
4. Member empowerment – give them a voice and tools

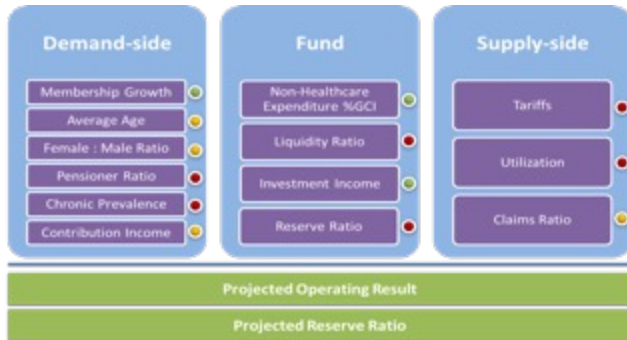
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Case Study | Health Governance Barometer

Functional Governance

1. Ethical culture; Transparency
2. Effective leadership
3. Strategic alignment & value-creation
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Concluding Remarks

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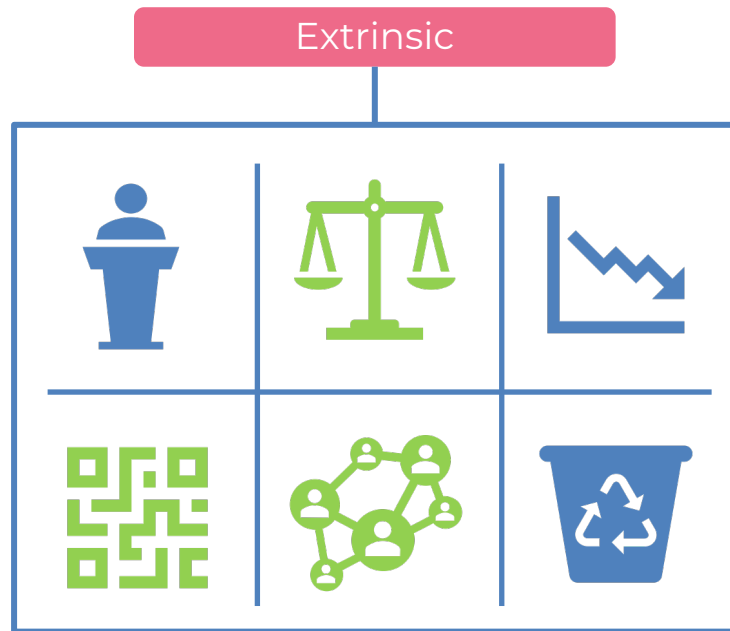
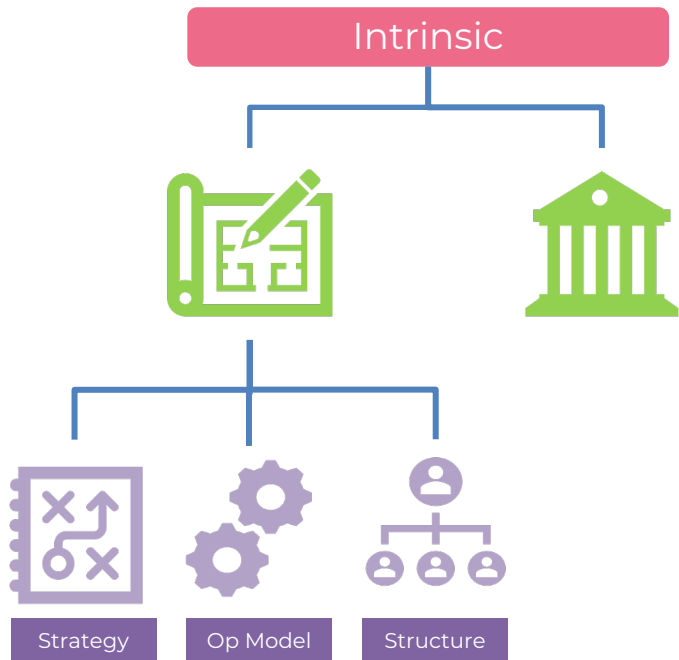
Private Health's Legitimacy Being Challenged

How should the Health industry respond?



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It is possible...if we up our Game



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In Our Lifetime...



More than just provision of cover/benefits...

- An **inclusive health ecosystem** with a strong social solidarity contract that protects ordinary health consumers from excessive risk exposure
- Driven by a **focus on creating and enhancing value**, enabling access to high quality, affordable care on a sustainable basis through partnerships
- Built by **empowered health consumers** who are supported in taking ownership of their health and wellbeing

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**Thank
You.**