17/05/2025

To:

Her Excellency Dr. Netumbo Nandi-Ndaitwah

President of the Republic of Namibia

Office of the President

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Email: info.op@op.gov.na

Cc:

The Right Hon. Dr. Elijah Ngurare

Prime Minister of the Republic of Namibia

Office of the Prime Minister

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Your Excellency,

RE: Urgent Executive Intervention Required in the Oversight and Reform of Private Healthcare Funding in Namibia

On behalf of the Namibian Private Practitioners Forum (NPPF)—a Section 21 organization representing private healthcare professionals across all disciplines—we extend our heartfelt congratulations on your assumption of office and wish you strength and wisdom in leading Namibia forward.

We write to respectfully bring to your attention the growing regulatory and financial crisis in private healthcare funding. Despite repeated efforts to engage NAMAF, medical aid funds,

NAMFISA, and relevant ministries, critical governance failures remain unresolved, posing a significant risk to professional sustainability and patient access to care.

We believe that decisive executive intervention is now required to establish lawful, transparent, and fair healthcare oversight mechanisms.

1. Lack of Statutory Oversight in Private Healthcare Funding
Namibia lacks an independent **Medical Control Board** to regulate **clinical decision-making** within medical aid schemes.

Despite being a statutory body intended to coordinate medical funds, NAMAF has assumed unilateral control over clinical coding, treatment authorizations, and tariffs—a role beyond its statutory mandate in Section 10(3) of the Medical Aid Funds Act, 1995 (Act No. 23 of 1995).

This unchecked regulatory expansion has allowed fund administrators to dictate medical policies, despite the absence of scientific review, participatory governance, or transparent regulatory oversight.

2. Potential Constitutional and Data Privacy Violations
NAMAF's enforcement of compulsory ICD-10 coding—without statutory or regulatory backing—raises grave concerns regarding patient privacy and data protection.

In the absence of binding conduct rules, this unregulated handling of patient information may infringe on Article 13 of the Namibian Constitution (Right to Privacy). To date, NAMAF has not established the Confidentiality Committee it previously committed to forming.

Refined Version for Seamless Integration:

The NPPF is also awaiting formal clarification from the newly appointed Minister of Health and Social Services regarding whether any regulation has been issued under Section 2 of the National Health Act, authorizing NAMAF to establish or enforce a parallel regulatory framework. If such authorization does not exist, NAMAF's actions would constitute an unlawful regulatory overreach, conflicting with MOHSS's jurisdiction and its alignment with WHO standards on the official implementation of ICD-11.

3. NAMFISA's Improper Delegation of Clinical Authority
NAMFISA, the financial regulator for medical aid funds, has entered into a Memorandum of Understanding (MoU) with NAMAF, effectively delegating regulatory oversight of clinical coding and authorizations—a move that circumvents statutory boundaries and presents a clear conflict of interest.

Despite the Financial Institutions and Markets (FIM) Act remaining unenforced, NAMFISA has failed to respond to NPPF's formally submitted patient-centred alternative funding framework, which would promote transparent governance and affordability.

4. NAMAF's Financial Practices and Declining Patient Access
While Funds have significantly increased administrative costs, patients have experienced reductions in benefits rather than improved care.

Key Data Points:

- Claims per beneficiary fell by 14.7% in Q4 2024—not due to lower patient needs, but due to restrictive benefit caps, while total private healthcare expenditure exceeded N$1.2 billion.

- NAMAF's administrative costs increased from N$161 million in 2012 to N$377 million in 2023, without corresponding member growth.

- Consulting fees rose tenfold—from N$1 million annually (2020–2021) to N$10 million in 2023, raising transparency concerns.

5. Urgent Need for Reform and Governance Review

The outdated tariff system currently enforced by NAMAF is unscientific and lacks statutory authority.

In contrast, South Africa has undergone multiple coding revisions since 2002 to align pricing with medical complexity and service delivery. Namibia's reliance on a plagiarized, outdated 2003 SAMA tariff system undermines practitioner viability and healthcare sustainability.

Between 2020 and 2023, the Health Professions Council of Namibia (HPCNA) approved a 500% increase in practitioner admissions, compared to the usual 3.8% annual growth rate in the private healthcare sector. This rapid expansion occurred without structured viability assessments, leading to an unregulated surge in the workforce.

Stakeholder reports indicate that this unsustainable growth has contributed to overutilization of patient benefits (for private funds but also likely for PSEMAS), further restricting access to care and destabilizing workforce sustainability. Namibia lacks a regulatory mechanism to assess sector-wide stability or mitigate HPCNA's admission practices.

To counteract these unintended consequences, we urgently call for the following interventions:

a) Implementation of a Private Healthcare Sustainability Review Mechanism: Establish a statutory review framework to assess workforce viability before mass practitioner admissions, ensuring balance between practitioner numbers and healthcare demand.

b) Sector-Wide Practitioner Integration Strategy: Develop a structured employment pathway for newly admitted practitioners to prevent misaligned distribution and avoid system overload.

c) Revaluation of HPCNA Growth Targets: Conduct a formal audit on admission policies and the standards required to register as a healthcare practitioner to assess long-term sustainability impacts and adjust quotas accordingly. NAMFISA estimates that the private healthcare funding sector may only remain viable until 2027. Cost-saving measures have been

implemented at the expense of member benefits, despite rising contributions. This approach is successful in the short term but is unsustainable, as it leads to an aging member population that, over time, will require more healthcare services than it contributes financially—ultimately destabilizing the system in the medium to long term.

6. Forward-Looking Reform Proposals

Recognizing the urgent need for structural healthcare reforms, the NPPF has proactively initiated key groundwork to establish scientific, transparent, and patient-centric alternatives:

a) Developing a National Cost Study & Benchmarking Model: The NPPF is conducting a private healthcare cost study with the assistance of the industry leader HealthMan, formulating an alternative benchmarking structure for scientifically sound, participatory tariff-setting. User rights of contemporary systems for use by the private funding industry have been granted by the owners of the system.

This framework aligns with successful healthcare models in South Africa and Botswana, paving the way for Namibia to emerge as a health tourism destination, generating substantial government revenue while creating employment opportunities for newly admitted healthcare practitioners.

b) Patient-Centred Funding Model: A new contribution-based healthcare funding system has been submitted to NAMFISA for evaluation and comment, aiming to expand patient access, improve affordability, and eliminate unnecessary administrative intermediaries—allowing members to retain more of their contributions for actual medical care (document submitted to NAMFISA is attached.

c) Leveraging Global Innovations to Reduce Costs & Improve Efficiency: International best practices demonstrate that AI-driven fraud detection and blockchain-enabled claims processing can significantly reduce administrative costs, enhance transparency, and improve the financial sustainability of healthcare systems. Countries such as Brazil, Kenya, and India have adopted such technologies with measurable success—reducing fraudulent claims, minimising administrative inefficiencies, and improving patient access to care through faster reimbursements and reduced operational costs.

Namibia must urgently evaluate similar innovations, especially for overburdened schemes such as PSEMAS, currently administered by Methealth Administrators. Reimbursement rates under this scheme have fallen below the cost-of-service provision, threatening the viability of private healthcare participation.

In contrast, the South African Government Employees Medical Scheme (GEMS)—regulated by the Council for Medical Schemes (CMS – who actively **protects medical aid members**, ensuring **fair pricing, transparency, and financial sustainability**)—has maintained financial stability while increasing its reserve ratio to 35%. Crucially, GEMS continues to pay market-

relevant tariffs to healthcare providers, supported by an independent, statutory regulatory framework. Neither NAMAF nor NAMFISA fulfil this role.

This comparative analysis underscores that reform is not merely aspirational—it is achievable and already in progress in peer jurisdictions. However, for Namibia to realise similar outcomes, decisive government intervention is needed to **institutionalise a participatory, statutory regulatory body**—such as a **Medical Control Board**—to oversee all medical funding models and ensure fair, transparent, and sustainable governance on behalf of medical aid members.

7. Our Call for Executive Action

Private patients and employers collectively contribute N$5.1 billion to healthcare funding, in addition indirectly supporting state health provision through taxation. Given the far-reaching implications—from systemic data privacy breaches to the progressive erosion of private healthcare capacity—we urge the Presidency and the Prime Minister's Office to:

i. Establish a statutory **Medical Control Board** to provide transparent, evidence-based clinical governance.
ii. Review NAMAF and NAMFISA's regulatory roles, ensuring they remain within legal limits.
iii. Set enforceable caps on administrative expenditures, prioritizing patient benefit over fund-driven cost structures.
iv. Introduce AI-driven fraud detection and claims automation to enhance affordability and efficiency as alternative to outdated ICD-10 coding measures.
v. Convene a national multi-stakeholder dialogue to transition Namibia's private healthcare funding model toward a patient-centred, financially sustainable system.

Your Excellency, the future of private healthcare in Namibia depends on decisive leadership and meaningful reform. The choices made today will impact generations to come, determining the viability of healthcare professionals, the sustainability of medical aid schemes, and most importantly, patients' access to quality care.

We stand ready and willing to provide further documentation and participate in constructive discussions on this matter.

With the highest esteem and commitment to the well-being of the Namibian people,

Yours faithfully,

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