

## **Reforming the Public Service Medical Aid Scheme (PSEMAS) in Namibia**

The Government of Namibia has consistently provided a significant proportion of its annual budget appropriation to the health sector. In 2017/18, the government health spending as a percentage of general government expenditure stood at 15%, which implies that Namibia has fully met its commitments in terms of the Abuja declaration. The government contributed 62% towards Total Health Expenditure (THE), while the private sector contributed 31%. The remaining 7% was contributed by donors. The financing for health services in Namibia is directed largely through three channels; the public health system, the PSEMAS for public servants, and private medical aid schemes (open and closed medical aid schemes) for the employed and those who have the means to enrol. Thirty-eight percent of THE is pooled through medical aid funds disaggregated as 21% and 18% for private medical aid schemes and PSEMAS respectively. Given the proportion of funding channeled through the government subsidized PSEMAS, it is important to ensure value for money.

As part of efforts to improve the efficiency of delivering health services through PSEMAS, the Government of Namibia has prioritized a review of the scheme. In his budget statement speech delivered on 17 March 2021, Hon. Ipumbu Shiimi, MP Minister of Finance outlined structural policy interventions underpinning the 2021/222 budget and medium-term expenditure framework. This included the set-up of a technical committee of public and private sector officials that is assessing and proposing reforms to PSEMAS on optimal restructuring, achieving internal cost savings, and alternative modes of service provision.

On 3 November 2021, the Minister of finance presented the mid-year budget review and medium-term fiscal policy statement which provided an opportunity to take stock of the strides made since the beginning of the financial year, judge performance, and make the requisite adjustments to ensure attainment of annual priorities. In his update on advances in implementing several policy measures, he stated that the Office of the Prime Minister appointed a consultant to map out and cost the optimal restructuring of the PSEMAS. In the meantime, minor reforms have been introduced at the scheme, such as an SMS notifications system for PSEMAS members launched in July 2021. As a result, a total of 67 suspected cases of fraudulent claims have been detected and are currently under investigation. The outcomes of the review process are expected to be out next year.

## **References**

Namibia Resource Tracking for Health and HIV 2017/18 <https://acs.r4d.org/wp-content/uploads/2020/06/Namibia-Resource-Tracking-Report-2017-18-FINAL.pdf>

Ministry of Finance, Namibia

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