

## National Health Insurance – boon or burden?

*South Africans are understandably concerned about the future of healthcare delivery in our country and especially in light of the recent release of the White Paper on NHI. The healthcare consulting team at Chartered have raised some interesting points below that may assist members in grasping the key areas of concern.*

South Africa's National Health Insurance (NHI) system is to be fully integrated by 2025, according to the Department of Health. The NHI Policy Document, published in August 2011, proposes that this project will be implemented over a 14-year period.

The implementation is divided into three phases, the first of which is targeted for completion by 2017. The highly anticipated second draft of the White Paper on NHI was gazetted as official government policy on 30 June 2017.

### Cost and funding of the proposed NHI

The estimated cost is R256 billion, based on the 2010 cost figures used in the 2011 Green Paper, and includes annual inflationary increases. The GDP growth projections of 2-5% are being used to estimate the funding shortfall. The GDP actual growth figures of 0.3 % in 2016 have been acknowledged but not used in the projections.

The funding of the NHI will be through a combination of various sources which include but are not limited to:

- The payroll tax
- A surcharge on taxable income
- Value-Added Tax

Another source of funding being reviewed is the discontinuation or repeal of medical aid tax rebates or credits which amounted to R18.5 billion in 2014/15. This will require amendments to the existing legislation and enactment of new laws. The Minister of Health, Aaron Motsoaledi, still needs to meet with Treasury and engage with SARS on this matter. Individuals will not be allowed to opt out of making mandatory pre-payment towards NHI, however, they may choose not to use the NHI health services.

### What does NHI offer and how will this impact medical schemes?

NHI proposes three areas of healthcare service delivery:

- Primary Health Care (PHC) services – HIV and Tuberculosis, chronic non-communicable diseases such as Hypertension and Diabetes, and injuries;

- Hospital and specialised services – Emergency medicine, Surgery, Organ Transplant and Oncology, Cancer treatment;
- Emergency Medical Services (EMS) – Basic life support, Medical Rescue, Cardio-Pulmonary Resuscitation (CPR)

### **The role of medical schemes**

Medical schemes will change from the existing model to a system that provides complementary services for non-essential services not covered by NHI. The details of this are still a grey area. There are various discussions currently taking place with the relevant stakeholders on how to initiate the realignment of medical schemes benefits. Paresh Prema, the Head of Benefits Management for the Council for Medical Schemes speaking at the 2017 BHF Annual Southern African Conference, says that “medical aids may only know their fate under the NHI by 2020” (source: Joan van Dyk: Mail and Guardian, 21 July 2017).

### **Will South Africa be ready by 2025?**

The NHI White Paper is an elaborate document with idealistic outcomes and numerous frameworks; however, it lacks detail that clearly illustrates how this multi-layered complex project will be executed. The next phase, which extends from 2017 to 2022, will focus on the development of the NHI legislation, amendments to other existing legislation and purchasing of personal healthcare services for vulnerable groups.

We believe that whilst NHI is a noble initiative and in line with our Constitution, the execution requires major resources such as adequate funding and the disciplined expenditure of such funds, human resources and infrastructure. Even were these resources available at the required level, the successful implementation will still be heavily reliant on a robust, solid and efficient plan of action.

Furthermore, we believe the involvement of the private sector is crucial. The best way forward is for the private sector and the Department of Health to work together by pooling resources and experience.

Whilst the Minister seems confident with the timeline, the deadline seems optimistic in view on what is still required. A crucial component that appears to have been overlooked is the generation of overall citizen confidence.

**The burning question remains:** Will NHI leave citizens in the same position they are currently, which is a less than ideal state system, or will NHI achieve the much-needed improved access to quality healthcare at a price that is affordable for the majority of South Africans?

For more information and to follow the debate on NHI, visit this website: [www.nhisa.co.za](http://www.nhisa.co.za)

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