

Taxpayers will buckle under R80bn NHI pressure

TAXPAYERS will have to fork out R80 billion more in order to fund government's National Health Insurance (NHI) scheme by 2025. This new figure revealed by the National Treasury last week shows taxes would have to be substantially hiked, according to health economist Professor Alex van den Heever, a figure which "taxpayers would never cope with". When the NHI policy document was published for public comment in 2011, government estimated that it would cost R125 billion to implement in 2012, increasing to R214 billion in 2020 and to R255 billion in 2025. At the time, the health budget was estimated at R110 billion for the 2012/13 financial year, which meant an additional R145 billion would have to be found over the 14-year period. The NHI is being touted as a system to ensure everyone living in South Africa has access to quality healthcare, regardless of their income. The financing options could be made public when the discussion document is published before Finance Minister Pravin Gordhan's budget speech next month. The document being studied by Gordhan and Health Minister Aaron Motsoaledi is expected to be released at the same time as the NHI white paper. Dr Mark Blecher, chief director of health and social development public finance at the National Treasury, said by the 2025/26 financial year, "the NHI will need public funding in addition to the national health budget and that could reach R80.4 billion". He said various funding options, including an increase in the VAT rate, a payroll tax on employers and a surcharge on the taxable income of individuals, were being looked at to cover that R80.4 billion. However, Van den Heever said the plan was "preposterous, as it was too early in the implementation of the NHI to introduce such massive taxes". He said the government could not expect to fix public health problems by throwing money at them because public healthcare facilities were not failing as a result of lack of finances but due to rampant corruption. Blecher agreed saying additional funds for the NHI must be accompanied by measurable and sustained improvements in health services, including quality of care.

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