

Will proposed NHI sidetrack medical schemes?

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It is disturbing to note that only 16% of the South African population belongs to medical schemes and the rest of the population depends on the public/state sector. The public system serves the vast majority of the population, but is underfunded and understaffed. The higher LSM population uses the private system and is better served than the poor.

In outlining the country's path to universal health coverage, with dramatic changes in the role of private medical schemes, the White Paper on National Health Insurance (NHI) proposes sweeping reforms to the healthcare sector in an attempt to narrow the gap.

Released in December last year, the Paper proposes mandatory membership of the NHI and reduces the role of medical schemes to merely providing "complementary services".

Controversial happenings

With the proposed changes set to reduce the role of medical schemes to providing only complementary services, it is important for clients to understand how these changes will impact them and their medical schemes.

Following the release of the Paper, Health Minister Aaron Motsoaledi [distanced himself](#) from a controversial proposal in this paper, which seeks to cut the benefits offered by medical schemes, saying that he believes the state should not limit patients' choices.

FAnews interviewed Graham Anderson, Chief Executive Officer (CEO) and Principal Office at Profmed about the proposed changes and its impact on consumers, private and public healthcare and existing medical schemes.

Mind over matter

Anderson said, "The White Paper proposes sweeping changes to the healthcare sector in an attempt to narrow the gap between the services enjoyed by rich and poor. However, medical schemes still make a significant contribution to the public healthcare system and cannot be side-tracked based on these new proposed changes."

Anderson mentioned that medical schemes will only be able to offer complementary services such as plastic surgery and other procedures that are not medically critical. With that being said, the private medical funding industry would therefore not be viable. Importantly, Anderson notes the White Paper does not provide clarity in terms of the funding of NHI. Clarity is needed in this regard in order to properly understand the impact it will have on the consumer.

"It is worth mentioning that the Minister of Health has clarified two important points in recent media interviews. He noted that medical schemes cannot be stopped from existing as medical schemes could act in tandem with the NHI. However, this means that members would then have to pay for both. Importantly in this regard, many members would not be able to afford this and we will see a shrinking medical scheme industry," said Anderson.

“The second point of clarification he explored was around the implementation of NHI and that there would be a slow introduction to the market, where they would start firstly by providing primary healthcare and then steadily introduce new services as time goes on. We support this approach as this aligns to our thinking of the implementation of NHI. It should essentially begin by covering primary healthcare as well as preventative benefits, for example screening for high blood pressure, blood sugar, etc. This will see medical schemes working in tandem with NHI which will save the consumer money by bringing down monthly contributions,” continued Anderson.

True impact on consumer

What can brokers tell their clients? Anderson said there is not enough information at this stage to provide. “There is still a lot of work to be done and more clarity will need to be provided in order to adequately ascertain the true impact this will have on the consumer.”

“Before looking at NHI, it is important to understand the resources that are available to the public healthcare sector are sufficient to provide an efficient and quality service to the people of South Africa. We see this as the critical first step to providing social health insurance to the country. It is important that the public sector drive efficiencies in the short-term and restructure the sector in order to achieve the best possible level of service. It’s about getting the basics right first and returning the public healthcare centre to point where it offers all South African’s with quality healthcare. It’s about ensuring that the people that need it the most get those services and then expand services to include more,” continued Anderson.

What’s in store for 2016?

Looking at the overall medical outlook for 2016 in general, Anderson said there were a number of significant issues in the healthcare spotlight during 2015 and we expect these to continue during 2016.

“There are four key legislative areas which will be significant in the industry this year. These include the Competition Commission Enquiry into the healthcare industry, amendments to the Demarcation Regulations, proposed amendments to Regulation 8 of the Medical Schemes Act, and the ultimate planned introduction of the NHI,” he said.

“These legislative areas are all geared towards bringing the costs of healthcare down, which is an ongoing focus area for South Africa. The introduction of the NHI remains on the table and we expect this issue to continue to be discussed at industry and legislative level, without necessarily achieving final resolution by year end 2016,” he continued.

The biggest concern, According to Anderson, if rising healthcare costs are not contained is that consumers may opt to cut or cancel their healthcare cover entirely. “Consumers have faced myriad rising costs over the last few years. It is of concern that more and more South Africans may begin to view healthcare cover as a luxury, rather than an essential item,” he concluded.

By Myra Knoesen