

South Africa cripples private health insurance policies

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South Africa is in the process of transitioning the country's health care provision to a centralized, government-controlled National Health Insurance (NHI) system. New regulations passed during the transition period have continually made private health insurance less effective, such as a provision that denies low-income earners the opportunity to benefit from catastrophic coverage, reports Jasson Urbach, a director of the Free Market Foundation (FMF), an Atlas Network partner based in Johannesburg, in a recent commentary.

"They effectively stopped medical scheme actuaries from devising policies to suit low-income earners," Urbach writes. "The only real solution would be to eradicate the cause; to deregulate and scrap the dubious principle of social solidarity that applies to private medical scheme arrangements. If the new limits are implemented, most wealthy people will be able to afford to continue their medical scheme membership and comply with the regulations. But poor people cannot afford this form of social engineering. They will be denied private cover."

This is part of an ongoing pattern in South Africa, Urbach points out, by which the government has marginalized private-sector solutions to the country's health care problems in order to make the centralized NHI system inevitable. FMF has been at the forefront of a campaign to oppose the single-payer government health care scheme, funded in part by a grant from Atlas Network.

"South Africans will lose their world-class private health care firms if government's health-care plans continue in the direction of nationalization," FMF explains in a submitted comment on an NHI white paper released in 2016 by the South African National Department of Health. "Individuals' freedom to choose their own health care, which is such a vital and personal service, will be severely curtailed under the proposed system. If government views 'health care for all' to be politically essential, it could require the population to privately and individually purchase mandatory cover to insure against catastrophic health-related events but otherwise leave people to provide for their own and their families' medical-related and other needs."

Instead, it is exactly these kind of catastrophic insurance plans that are being regulated out of existence in the months after the government's white paper was published. This, in turn, makes the people of South Africa increasingly reliant on government aid to meet their health care needs. Through its detailed and ongoing advocacy campaign, FMF has explained how the solution to affordable health care lies not in centralized government control, but in decentralized competition among private providers of both insurance and medical treatments, which would both provide cost-effective incentives and allow people to make their own choices about their health.

"South Africa cannot afford for all efforts to expand the public health service and keep the medical funding industry sustainable to grind to a complete halt in anticipation of the NHI," concludes Dr. Johann Serfontein, a senior health care consultant at HealthMan and a researcher with the FMF health policy unit. "The NHI looks ever more unaffordable with every passing day as the South African economy flounders from one political crisis to the next. Can we afford to sit back and hope a new funding system will fix our dysfunctional public healthcare system a decade from now, or is it time to start taking some much needed action?"

By Atlasgroup