

Is an NHI fund really possible in 2017?

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There is a process to be followed for passing any legislation, which is practically impossible to complete within this year, writes Johann Serfontein

In his recent budget speech, Finance Minister Pravin Gordhan indicated that the establishment of the National Health Insurance (NHI) fund was imminent and that further details on this would be provided in the interim government budget in October.

Although Gordhan is a well-respected figure and is following the mandate from the Department of Health in trying to find ways to fund the NHI, it is important to realise that there is a process to be followed for passing any legislation, which is practically impossible to complete within this year.

In order for an NHI fund to be established, the necessary regulatory framework needs to be provided by the government. The normal process for this would be publishing a green paper, followed by a white paper, followed by a draft bill and finally an act by Parliament. In the case of NHI, the green paper was published in 2011 and the white paper four years later, in 2015.

It is now widely accepted that there will be a second draft white paper that the Department of Health will publish, which will clarify a lot of the uncertainties contained in the first NHI white paper.

This second white paper was expected to be published in November or December 2016, but this has not happened yet. Should this second white paper be published, there will then be a period for public response. Taking the importance of the project into account, one would expect a period of 90 days for public comment on this publication.

These comments will then have to be considered by the Department of Health before a draft bill is published. One would expect at least a three-month period for proper consideration of the submissions.

The next assumption is that the draft bill will have to be concurrently written, to keep the timelines as short as possible. That would bring us to September before a draft bill were published. Even if the public submission period on the bill were shortened to 30 days, the submissions would have to be considered before an act was passed by Parliament.

There is, of course, also the necessary parliamentary debate that needs to be scheduled on any draft bill. Assuming that we give legislators two months to consider all public submissions on the draft Bill, this takes us to December, when Parliament closes. February in Parliament is generally taken up by the state of the nation address and its debate, and then the budget and its debate.

The earliest that an NHI act could therefore be passed would be March 2018, creating the regulatory framework for an NHI fund to be established. There is then the administrative process involved with establishment of the NHI fund, acquiring funding from the Treasury and finally the staffing of this fund, along with processes involved in establishing the actual offices where the fund will operate from.

In the absolute best-case scenario, this will be completed in September 2018. If there is a need for separate legislation governing the NHI fund, an additional year in papers, public comments and draft bills can pass. If the lapse in time between the green paper and the white paper is any indication of the urgency of the matter, one can probably add an additional two years to the finalisation of any NHI act.

One of the unconsidered consequences thus far is, of course, the funding of the NHI. Gordhan had to take some fairly drastic measures to acquire an additional R28bn to balance out the fiscus in 2017. If commentary by the economists group Econex is anything to go by, the updated shortfall for NHI, considering the South African growth trajectory and disease burden, would currently run at about R100bn.

Gordhan did some fiscal gymnastics to obtain the additional R28bn, but acquiring an additional R100bn might be too much, even for his prowess.

Ireland made a similar fundamental mistake in the period after 2011, where an NHI white paper was published in that country. In 2015, it finally came around to a costing exercise for the plans, which showed that Ireland could not afford NHI, "now or ever".

Is it not time that SA did a proper costing exercise on NHI, so that we can similarly realise that we cannot afford it, "now or ever"? That will clear the path for SA to start considering alternative ways of achieving universal healthcare, based on the resources we have available and not based on a single-payer model used in Canada, which has the most expensive healthcare system in the world.

By Dr Johann Serfontein

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