

## **NHI should focus on the poor**

*12 June 2017*

The government should not be in the business of providing healthcare to all South Africans. Instead it should devote its limited health budget to the supply of services to the poor.

Affordable and quality healthcare is critically important to fight unemployment and poverty and achieve radical economic transformation. The Free Market Foundation (FMF) has always championed responsible healthcare policy and opposes the proposed National Health Insurance (NHI) scheme as dangerous and unnecessary. Good intentions are insufficient to bring about prosperity. The NHI will have the unfortunate and unintended consequence of destroying South Africa's internationally-acclaimed private healthcare industry.

Individuals spend substantial amounts of their money on their medical needs. Poor citizens often lack access to healthcare completely or need to spend well over half of their income on it. Therefore it is fundamentally important that the government must not exacerbate the cost of healthcare and allow a competitive healthcare provider market to keep prices as low as possible.

### **The majority of South Africans don't benefit**

There is nothing radical about NHI. The apartheid government was infamous for its intense regulation and control of healthcare using the supposed justification of extending medical care to the poor to build the behemoth Baragwanath hospital in Soweto. Yet government involvement in healthcare did not benefit the majority of South Africans, and this continues.

It can do this by purchasing an increasing percentage of those services from private providers and allowing and encouraging the rapid growth of the private healthcare sector and so enable it to provide services to a larger percentage of the population.

### **Drug development disincentivised**

It is a worldwide problem whereby medicine regulators want to approve new drugs quicker while still ensuring those drugs are safe for use. In South Africa, getting innovative medicines approved for local use is a particularly tedious and long process. This is a direct disincentive to local pharmaceutical entrepreneurs from engaging in substantive research and development for new medicines.

"There is a simple policy that, if adopted, will improve South African patients' access to the world's most innovative new medicines and vaccines and allow us to rapidly climb the developmental ladder. South Africa's medicine regulator should identify a handful of reference regulatory agencies that it deems competent throughout the world, an example is the US Food and Drug Administration." When those reference authorities unanimously approve a new or generic drug, that drug must be deemed approved in South Africa. "This would be radical healthcare transformation," Jasson Urbach, FMF director says.

### **NHI inappropriate for South Africa**

Considering South Africa's relatively small tax base and limited available revenue pool and our chronic levels of unemployment as well as the country's shortage of skilled healthcare personnel, the proposed NHI scheme is fundamentally inappropriate for South Africa. Far from marginalising medical schemes, government should be promoting their proliferation because regular, small, fixed payments to a medical scheme make intuitive sense as opposed to the rare but devastating high out-of-pocket payments required when illness strikes.

South Africa is in a desperate struggle to improve access to quality healthcare. The NHI scheme and the continued bureaucratisation of medicine approval is extremely dangerous in our economic and social climate. South African policy makers should rather seek out ways to increase competition in the market and remove the barriers that currently constrain efficient functioning of the market.

*From: Bizcommunity*

