

How the government took away the hope of private healthcare from millions of currently uninsured

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The government recently gazetted the NHI white paper, giving more clarity to its vision and roadmap for universal health care. But, while it gets its 14-year plan in order, the government is denying the opportunity for private health cover to potentially 10-million people who could otherwise be benefiting from it already.

From the white paper, and the comments made on its release, it is clear that the government has a lot of contempt for the existence of private medical schemes. It lays the blame for the fact that some people can afford better care than others on the hands of those providing that better care, or those paying for it.

For sure, the government is not wrong to object that only 16% of the population has access to 80% of the available doctors and other healthcare providers. That clearly needs to change. Where it errs though, is in blaming the private sector for this inequality. The government is making the schemes - already non-profits - victims of their own (in some cases, dubious) success. To sprinkle more incredulity on this stance, remember that the government's *own* R20-billion/year subsidy of a private medical scheme for its employees (GEMS) has allowed about 3-million people to receive private healthcare. Even the government realised it needed to provide access to private healthcare to its workforce.

In any case, only those who would argue that the emperor wears no clothes will be blind to the fact that the government is *already* running a universal healthcare system, and failing miserably. Everybody has access to state healthcare *already*, and those who cannot afford the healthcare receive it for free.

It is difficult to understand how re-shuffling the money paid to medical schemes into the NHI will address the many obstacles that the current public system faces. The argument that doing so will bring down healthcare costs so much that it will become accessible to everyone is a fallacy. For one, healthcare is a finite good, and it will go where the payment is the highest, and experience most pleasant. Hence we already have thousands of South African doctors in the UK, and a lack of doctors and nurses in South Africa. It has little to do with medical schemes.

Granted, the full NHI is at least 14 years away, and we have time to refine how it should be implemented to ensure the best cover for all. And hopefully we will.

In the meantime though, the government is giving the middle finger to the very people that it is trying to protect with the NHI: the uninsured. Why it is doing so is unfathomable.

Here is the deal: It has been estimated that there are about eight to 10-million currently uninsured South Africans who could - and would - with the slight help of their employers, pay in the region of R300 per month to medical schemes for limited private healthcare if such an option existed.

Unfortunately, as things stand right now, R300 for the required level of private healthcare is too low. The primary reason is the cost of PMBs, or Prescribed Minimum Benefits. The Medical Schemes Act (which governs private healthcare cover by medical schemes) stipulates that every person who belongs to a scheme has to have these 300-odd PMB conditions covered in full, regardless of which plan they are on. The average monthly cost of providing this PMB care is just over R600 a member. A scheme is also usually not allowed to have plans that lose money (even if for some reason it wanted to). Clearly then, R300pm is not a feasible premium under the current legislation.

The act, however, gives the Council of Medical Schemes (CMS) the ability to exempt medical schemes from various provisions in the Act, including those requiring them to pay for all PMBs. For a while, it looked like the CMS might do exactly that, and thus open up the opportunity of private healthcare to millions of currently uninsured people by allowing these Low Cost Benefit Options (LCBOs). But no. And why not? Because the LCBO system is counter-intuitive to the NHI, which promises equal coverage to all and a *reduced* role for medical schemes.

Except that the NHI is *14 years* away, at best. And people are literally dying and suffering unnecessarily *now*.

This is a travesty. Not only are potentially 10-million people forced to use the public system, which by government's own admission is in huge disarray (but will magically be fixed in 14 years time), but by not allowing the LCBOs, the government is stifling innovation from the private sector that could and would make it work. And, let's be frank, it is nothing short of that level of innovation that is required to make the NHI work in the first place.

If the schemes were incentivised with R3-billion reasons *per month* to make private primary healthcare work for 10 million people, I bet you they could. And I bet you they would.

Let's not kid: the problems would not magically disappear. After all, the healthcare system would need enough doctors to service these 10-million at a private healthcare level of care. But there are lots of opportunities, and enough incentive to innovate within the private market place. For example, technology already allows patients to receive an immediate online video consult with a GP who can then issue a prescription or suggest other intervention. Some local schemes already offers a similar

service its members. Now imagine this is modified to our greater needs, and suddenly someone who lives 100km from the nearest hospital can get immediate advice on a health concern.

You only have to read the NHI white paper to see the benefits a country can count on if more people received access to quality healthcare. The paper cites a 4% rise in GDP per capita with just a one-year increase in a nation's average life expectancy. Not to mention increase "happiness of population" and improved quality of life. The strengthening of the economy would give the NHI a better chance of working.

The government would benefit greatly if the burden of providing primary care to 10-million people was removed from the public system. It could improve the service levels to the remaining 25-million uninsured. Or it could even outsource the *entire* primary healthcare problem to the private sector: pay the premium and leave the logistics to the private sector. In return, the government would further benefit from lower public hospital admissions levels as good primary care is preventative of long term health problems.

Instead, the government has turned its back on millions people, and is forcing them to wait while it gets its house in order. It's shameful. And it's unnecessary. And the government should rethink its stance urgently.

By Eve Dmochowska – Daily Maverick