

Medical aids may know their fate by 2020 under the National Health Insurance

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MEDICAL aids may know their fate under the National Health Insurance (NHI) by 2020, according to Paresh Prema, the head of benefits management for the Council for Medical Schemes. In the meantime, Precious Matsoso, director-general of the Health Department, said the government will seek to capitalise on private sector expertise, which currently serves about nine million South Africans, to help build the NHI. The two may be reluctant but important bedfellows. The NHI White Paper, released in late June, envisages that under the new scheme the government will become the single largest purchaser of health services for all South Africans and that medical aid schemes will provide “complementary cover”. Although details are still emerging about the future role of private schemes, the idea is that a smaller number of medical aids, providing fewer options, will exist when the NHI comes into being. Matsoso said the department will first have to ensure that all the country’s 83 private medical schemes are operating lawfully. In the meantime, it is working with private medical aids to reduce the number of benefit options on offer to members - to bring the services in line with the complementary cover principle.

Barry Childs, the chief executive at Insight Actuaries & Consultants, argues that the way the law currently regulates benefit options, coupled with the large number of medical aid schemes in South Africa, makes the schemes unsustainable. He said the Medical Schemes Act prevents medical aids from pooling funds between benefit options or other schemes. In other words, each benefit option must sustain itself and this pushes up premiums. Poorer South Africans have borne the brunt of premium increases, according to data presented at the Board of Healthcare Funders’ conference in Cape Town last week. Research has found that middle-income households with medical aid spend about 20 percent of their household income on fund contributions, compared with the wealthiest households, which use about seven percent of their income on monthly cover. Childs said regulations contained in the Act are to blame. He said there is no other way medical schemes could look, given the regulatory pathway we followed. The Medical Schemes Act is one of almost a dozen acts that must be amended to introduce the NHI. Prema said the Council for Medical Schemes aims to finalise all NHI-related legislation by 2020. But for now, the Health Department will seek to work with – and learn from - private medical aids and administrators.

Matsoso explained that existing medical schemes and administrators look after millions of South Africans and that capacity does not yet exist in the public sector. She said the role of medical aids will only be changed when the NHI is fully matured. Only once there are tangible results to show South Africans will the department decide how existing medical aids will change. But the private sector has

been less than co-operative in the past, said Gavin Steel, chief executive of sector-wide procurement at the Health Department. Steel, who also spoke at the meeting, said the department struggled to find corporate partners to help to develop its electronic database of essential medicines in 2013. The system will now become the heartbeat of the NHI, he said. Countries including South Africa committed to achieving universal healthcare coverage under the world's most recent set of international development targets, the sustainable development goals. If other countries' experiences in implementing massive healthcare reform are anything to go by, the Health Department may face challenges in winning not only the private sector but also the public to any changes that must be made. Both will be important allies. Pharmaceutical company Johnson & Johnson's vice-president for global health policy, Elizabeth Fowler, said the United States's attempt at universal health coverage, the Affordable Care Act - or Obamacare - made enemies early on. She said most Americans have private healthcare through their employers. The US faced a huge challenge since more than two-thirds of the population was happy with the coverage they had. The implementation of Obamacare stretched from 2010 to 2014.

Fowler said easy deliverables helped to ease people's frustration with slow change. Interim benefits included allowing children to stay on their parents' medical aid until the age of 26 and expanded access to medication. Repealing Obamacare was a cornerstone of US President Donald Trump's campaign. His Republican Party continues to attempt to repeal and replace Obamacare, with its latest effort in the Senate stalling as of last Thursday morning. An earlier version of the Republicans' healthcare Bill would have cost 22-million Americans their health insurance, according to non-partisan government research body the US Congressional Budget Office. Fowler said that private sector support for Obamacare has turned hospital groups, which could lose \$166-billion if it is repealed, into some of its staunchest supporters. She explains that US hospital groups agreed to contribute \$155-billion over 10 years. Since they were on board and helped pass Obamacare, they are committed to seeing it stay in place. Fowler said the biggest lesson learned was that inclusion generates investment in the programme. On the road to universal healthcare, it is better to have company on the way.

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