



NHI White Paper: Day 14

This is the fourteenth in a series of daily analysis pieces of the NHI White Paper that will be sent to SAPPF- and HealthMan Members. Different aspects of the NHI will be analysed on a daily basis, which will help to assist providers in understanding how the NHI initiative will impact the private provider and their practice, as well as the impact on their own access to healthcare. Some broader economic impacts will also be included on occasion.

Extract from the White Paper

Costing of NHI: (in 2010 values)

	Average annual percent increase	Cost Projection R 'm (2010 prices)
Baseline Public Health Budget:		
2010/11		109 769
Projected NHI expenditure:		
2015/16	4.1%	134 324
2020/21	6.7%	185 370
2025/26	6.7%	255 815
Funding Shortfall in 2025/26 if baseline GDP increases by:	2.0%	108 080
	3.5%	71 914
	5.0%	27 613

Critical Analysis

When the 2010 figures in the NHI is updated to 2017 Rand values, the total amount

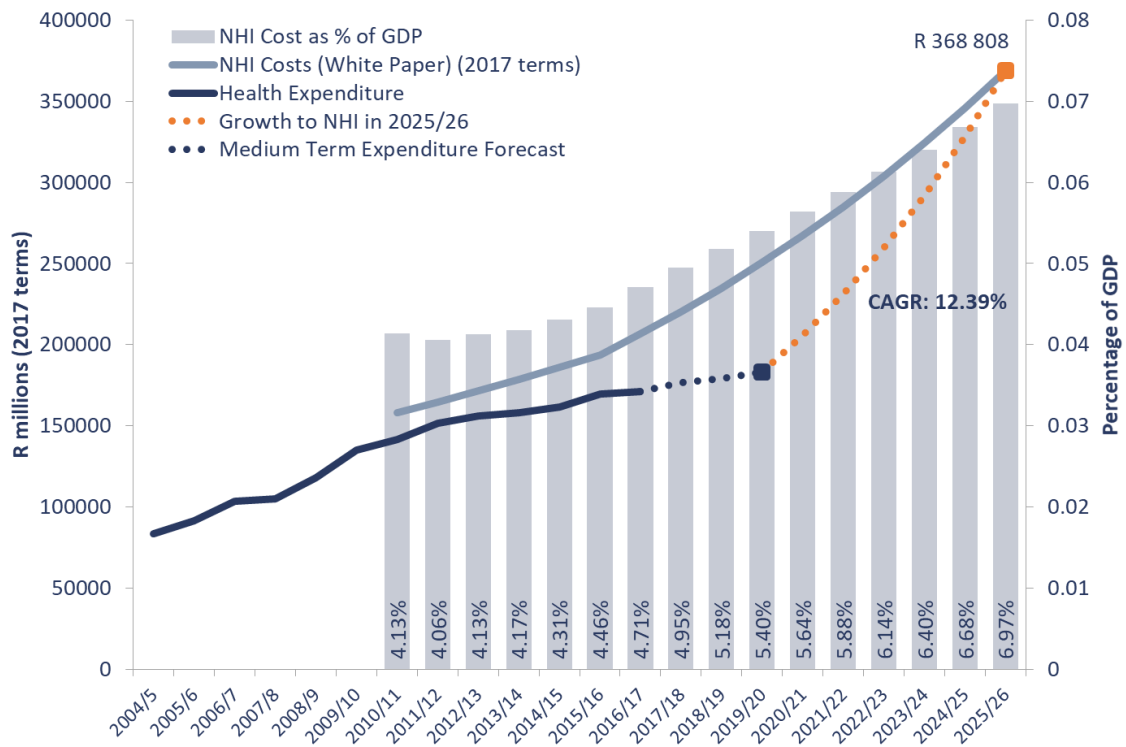
comes to R368 billion and the funding shortfall at 2% growth is R156 billion. There will also have to be an annual compounded growth rate of 12.39% after 2020 to reach this figure, almost double the current annual health budget growth.

This is illustrated in the Table 1, below.

"Assuming an equal split between corporates and individuals, each sector would have to pay 5% more tax on average, in our view. This will lead to an increased labour cost for South Africa on top of already existing income pressures. This will reduce government's ability to ensure job creation."

(BoA/Merrill Lynch report – Business Day, 22 Aug 2011)

Table 1 - Required growth to reach NHI projected cost



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