

NHI White Paper: Day 23

This is the twenty third 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

Acting as a single-payer and single purchaser, the NHI Fund will be able to reap the efficiency benefits of monopsony purchasing power and economies of scale.

Critical Analysis

In the pharmaceutical space, current government contract prices are far below private sector prices, as pharmaceutical companies cross-subsidise the government prices from the private sector prices.

In this scenario, expanding the scope of purchasing agreements to include the entire market and thinking monopsony buying power will further bring down prices, might not happen. The cross-subsidisation aspect will disappear from the system, potentially leading to higher prices of pharmaceuticals with a single purchaser.

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