

8 things you need to know about the National Health Insurance bills

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Health Minister Aaron Motsoaledi is expected to release two bills on Thursday which could make universal health care a reality for South Africans.

The National Health Insurance (NHI) Bill and the Medical Schemes Amendment Bill have caused a “hurricane” and will complement each other, Motsoaledi said in his budget vote speech in the National Council of Provinces on Tuesday.

“This question of universal health coverage, which we call NHI, is not going to leave the world unshaken,” Motsoaledi said. He described NHI as the “land question” of health.

“In the same way the land issue is raging all over the country, NHI is going to rage in a similar way, not only in the field of health but in the economic and social lives of our people,” he said.

As he concluded his address, Motsoaledi urged South Africans to comment on the bills, which he said represented a policy shift from health legislation in place since the advent of democracy in 1994.

Ahead of a briefing set to take place at lunchtime on Thursday, Fin24 looks at eight key questions around the bills.

1. What is universal health coverage?

According to the [World Health Organisation](#), universal health coverage means people will receive the health services they need without “suffering financial hardship”.

During his address to the NCOP, Motsoaledi said that universal health coverage is essentially “the world coming to its sense(s)”.

“It is about social justice and equality. It is simply about the way countries share their money for health, who gets what when. It is not about sharing budgets of health, no. It is about redistribution of the wealth of the country for the health of each and every citizen, regardless of the socio-economic status or their status in life,” Motsoaledi said.

He also said that universal health care is one of the 17 sustainable development goals of the United Nations, and could act as an equaliser between rich and poor.

2. What is National Health Insurance?

According to Motsoaledi, NHI is the policy which will lead to the implementation of universal health cover for South Africans.

In a report last year, the Davis Tax Committee unpacked the rationale behind legislating NHI. The policy, which is to be publicly financed, aims to provide a “uniform package” of access to quality and affordable health services to South Africans based on their needs, irrespective of their socio-economic status, the report read.

- **READ: [NHI could go same route as e-tolls, Davis Tax Committee warns](#)**

"The main reason for the NHI put forward by the White Paper lies in the need to eliminate the huge disparities between access to health care services in the public and private sectors," the report read.

3. How much will NHI cost?

Referring to government's White Paper on NHI, the Davis Tax Committee noted that it would cost R256bn in annual funding, based on 2010 prices.

According to the committee, by 2025 a funding shortfall of R72bn would be expected, even at an assumed average economic growth rate of 3.5%. Economic growth of just 2% would result in a shortfall of R108bn by 2025. The DTC suggested that even this shortfall could be understated.

The [economic growth rate for 2017 was 1.3%](#) and analysts expect the growth rate for 2018 to be 1.5%, while the South African Reserve Bank at the monetary policy committee meeting in May projected a figure of 1.7%.

4. How will NHI be funded?

During his address, Motsoaledi explained that NHI would have a positive bearing on the economy, saying South Africa couldn't grow with a sick population. This is why "equitable and fair financing" of health is needed.

"Yes, under NHI, the rich will subsidise the poor. The young will subsidise the old. The healthy will subsidise the sick. The urban will subsidise the rural," he said.

- **READ: [Funding issue still the biggest stumbling block to NHI – legal expert](#)**

In its report, the DTC said that funding the NHI could result in trade-offs with other National Development Plan programmes, such as social security reforms and tertiary education.

"There should ideally be a fiscal rule to link NHI spending with the availability of fiscal resources," the DTC suggested.

This was seen when government reprioritised spending in the national budget for 2018. Government cut expenditure for departments by [R85bn over the next three years](#).

The DTC in its report also proposed a number of tax instruments be used to fund NHI.

- **READ: [Plan to cut tax credits could see poorest medical aid holders lose out](#)**

There were talks last year that medical tax credits would be removed to fund NHI. But partner at law firm Hogan Lovells Ian Jacobsberg previously told Fin24 that this could end up creating a "vicious circle".

"A lot of people who currently finance their own medical aid are only able to do so because they receive the tax credit. If taking away the tax credit is the only way to fund NHI, then NHI would have to be fully operational for people to be able to afford to lose their tax credits," he explained.

Former finance minister Malusi Gigaba did not take away the medical tax credits in the 2018 National Budget. "I think there was recognition certainly (that) in the absence of an operational national health system, it is not feasible," said Jacobsberg.

In the national budget this year, the finance minister allocated an [additional R4.2bn to NHI](#).

5. What must South Africans do about it?

Motsoaledi told the NCOP that the bills present a substantial policy shift and a possible reorganisation of the whole health care system.

“We have already identified 12 acts that will have to be amended by this House (the NCOP) to accommodate NHI,” he said. South Africans will have an opportunity to comment on the bills once they are gazetted.

Motsoaledi explained that four areas need to be addressed to stabilise the health care system. These are human resources, financial management, procurement and supply chain management and maintenance of infrastructure and equipment.

“All the major disasters in health that occurred in our country are about these four and the way they are governed and controlled.” He listed the Life Esidimeni tragedy among those which have occurred because of these four issues.

“Major major changes will have to be implemented in NHI to deal with these four once and for all.”

6. How does the Medical Schemes Amendment Bill fit in?

“The precise nature of the interaction will only become apparent once the bills have been published for public comment,” said Neil Kirby, head of health care and life sciences law at Werksmans Attorneys.

The Medical Schemes Amendment Bill was approved by Cabinet in May and is aimed at aligning with the NHI, Communications Minister Nomvula Mokonyane announced at a post-Cabinet briefing last month.

“It seeks to improve the regulation of the medical schemes industry and to align the regulatory framework to the changes that have taken place over the past decade in the sector.

“The bill will also ensure that beneficiaries are better protected and promotes better access to private health funding,” she said.

- **READ: [Cabinet approves bill to regulate medical schemes](#)**

Jacobsberg had told Fin24 that the bill could essentially eliminate the payment gap members of medical schemes would have had to cover for private healthcare.

7. What are the biggest obstacles to the implementation of the bills?

Dr Rajesh Patel, head of benefit and risk at the Board of Healthcare Funders of Southern Africa, believes the biggest obstacle to implementing the bills would be “translating political will into action”.

People have vested interests and some will want to maintain the status quo while the marginalised would accept the change, he explained.

Kirby believes the biggest obstacle would be money. Secondly, it will be to convince consumers that they will receive quality health care from the public sector.

8. What is the timeline for implementation?

Both Kirby and Patel expect a three-month period for the public to submit their comments once the bills are gazetted.

There will then be a period where the comments have to be considered. If there are material amendments to be made to the bills, that could also add to the timeline, Kirby explained. “It can take time to have a national health scheme operating legally,” he said.

Congress of South African Trade Unions parliamentary coordinator Matthew Parks said that it supports the NHI, but has been concerned about "endless delays".

“We don’t get a sense of urgency from government. Even these bills are simply too late to be adopted by Parliament before the elections, as Parliament set a closing date of May for all bills to be submitted. This means the bills would only be tabled at Parliament after the elections,” he suggested.

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