

6 ways the NHI bill will affect consumers' pockets

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South Africans will have to regard the National Health Insurance (NHI) Fund as mandatory, in the same way they abide by the Constitution, said Health Minister Aaron Motsoaledi.

He was speaking at a briefing on Thursday, after he gazetted the long-awaited National Health Insurance Bill and the Medical Schemes Amendment Bill.

National Health Insurance is the government's plan for comprehensive health services for all South African citizens and long-term residents. According to the 2017 NHI White Paper, its goal is to create a "single, publicly owned and administered strategic purchaser" that will buy healthcare services for all South Africans public and private providers.

One of the key objectives of the NHI Bill is to establish a state-run fund to that ensures sustainable and affordable universal access to health services. It will result in the "massive reorganisation of the current health system both in the private and public sector", Motsoaledi said.

"The primary impact of the NHI Bill is to create a basket of benefits, or 'health goods', that are to be available to all South Africans whether a member of a medical scheme or not," explained Neil Kirby, head of healthcare and life sciences law at Werksmans Attorneys.

However, the elements of the basket of services have not yet been determined. Medical schemes now have to decide to either redesign their benefits to take into account the services offered by NHI or not, said Kirby.

Funding

During the briefing, the health minister said it was not up to him to determine how NHI would be funded. He could not give a definite number on how much it would cost, and said it was more practical to calculate the cost of each phase that would be implemented.

Motsoaledi, however, said that if Treasury opted for individuals to make contributions to the fund, then individuals would probably have to contribute according to their capacity to do so.

According to the 2017 NHI White Paper, NHI will cost R256bn in the 2025/2026 financial year at 2010 prices. This is compared to a public health spending baseline of around R110bn in 2010/11.

There are six ways the bills will affect consumers' pockets:

1. Establishment of the NHI Fund

The establishment of the NHI fund is viewed as a "controversial step", especially in the wake of the Life Esidimeni tragedy, which raises the question of the public delivery of healthcare, said Kirby.

Kirby believes the bill is a set of "paper-based aspirations" separated from the realities of public sector infrastructural problems. "It's a bit like building a house with no land on which to put it," he commented.

It will be compulsory for South Africans to belong to the NHI. Echoing the minister's views, Kirby said that NHI funding would only become apparent in the regulations of the final Act.

2. Income cross-subsidisation

The health financing system will pool funds to provide access to quality health services to South Africans.

Motsoaledi explained that with NHI the rich must subsidise the poor, the young must subsidise the old and the healthy must subsidise the sick.

- **READ: ['The rich will subsidise the poor' – Motsoaledi outlines universal healthcare plan](#)**

But current contributions are the same across low income earners and high-income earners, for the same benefits. "Currently, it's the opposite. At present, the poor subsidise the rich," he said.

3. Abolish co-payments

Currently, schemes pay a portion of medical care and the member of the scheme has to contribute a co-payment to cover the gap. "The amendment means that every cent charged to the patient must be settled fully by the scheme and the patient should not be burdened with having to pay," Motsoaledi explained.

"I was a GP up until 1994. There were no co-payments then. These are new things, introduced by wrong things that are happening... We are looking at the cost of private healthcare, why is it so much money. Under NHI it will all be the same thing," the minister said.

- **READ: [New era for healthcare as Motsoaledi wants co-payments abolished](#)**

Kirby said that the abolishment of co-payments, proposed in the Medical Schemes Amendment Bill, means that medical schemes might not be able to charge premiums at current level. The possible range and cost of services available to be purchased may be reduced.

"Medical schemes may end up performing a supplementary role in the provision of healthcare services to South Africans – primarily, as a top-up device or ancillary provider of services not offered by NHI," Kirby added.

In that case, it may raise issues with medical schemes ability to reduce benefits and premiums. This could lead to further consolidation in the medical schemes sector.

4. Abolish the use of brokers

Almost two-thirds of principal members of medical aid schemes pay a broker, monthly, as part of their premium. Many members are not aware of this, Motsoaledi said. In 2017 the total amount paid to brokers was R2.2bn.

"We want this money to be made available to pay for direct health expenses of members rather than serving brokers who are actually not needed in the healthcare system," said Motsoaledi. The minister said most of brokers' work is done by the Council for Medical Schemes.

"What do you need brokers for? They are sitting and earning money for a service that is not necessary. Why can't that money be used for diseases, for people who are ill?" Motsoaledi argued.

5. Pass back savings

Medical aid schemes will have to pass back savings to members if a member uses a designated service provider, according to the rules of the scheme which are implemented to save money. This is a good practice, said Motsoaledi. However, these savings are taken over by the scheme and the administrator instead of being passed back to members through a premium reduction.

6. No penalties for late joining or age

Another proposal of the Medical Schemes Amendment Bill deals with the cancellation of membership, and waiting periods between joining a scheme and accessing benefits.

"Under NHI, there will be no penalty related too late joining or age," he said. This provision is meant to protect the interests of living spouses after the passing of the principal member, or after retirement prior to payment of their benefits, the minister explained.