

## “Quality healthcare for all is within reach” – Ramaphosa

offers his take on NHI – The South African 21 July

*The following is an op-ed written by President Cyril Ramaphosa*

With the recent release of the National Health Insurance Bill, South Africa is one step closer to achieving universal health coverage for all its people and the realisation of the demand of the Freedom Charter that “free medical care and hospitalisation shall be provided for all.”

National Health Insurance (NHI) provides a real opportunity for the present health system to be overhauled towards a universal system where people will access quality care based on need and contribute towards its funding according to ability to pay.

Since the Bill was released for public comment, two questions have dominated debate on the NHI – what will it cost and can the country afford it?

South Africa, with its current two-tiered and unequal health care model, has one of the most expensive health systems in the world. We presently spend more than R420 billion on health care. Half of this amount is used by only 17% of the population. We pay more per person on health care than most middle income countries.

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The provisional report of the Health Market Inquiry headed by Judge Sandile Ngcobo, which was released last week, highlights the high and rising costs of health care and medical scheme cover even when the range of services are declining. The report points to the unaffordability of private health insurance. This is compounded by inequalities in access to health facilities, specialists and a geographic concentration in the urban areas.

Despite what we spend on health care, many of our health outcomes have been disappointing. Our infant, child and maternal mortality rates are much higher than expected for a country of our level of development. There are also many inefficiencies in a two-tiered health care system. This means that current costs are not a reliable basis for projecting the future cost of a universal health system.

We need to change the present cost structure of our health care system and significantly improve efficiencies. Doing this will improve outcomes. There is no truth to the claim that covering all South Africans with good quality care will cost more than we currently spend. We can, in fact, secure substantial savings by covering everyone under a common National Health Insurance Fund (NHIF).

One of the important principles we should embrace as a nation is social solidarity. We will be able to achieve greater social solidarity between the rich and poor, young and old, healthy and sick, by pooling most health funds into NHIF. Mandatory prepayment through payroll taxes to the NHIF, for example, would be significantly less than what people now contribute to medical schemes.

It will enable government to ensure cost effective prices, medicines and supplies. The NHIF can build on recent achievements by the Department of Health in securing significant savings from R2.3 billion on antiretroviral drugs and R4.4 billion on vaccines.

We will also be able to make sure that the money from NHI Fund does not pay for things that have nothing to do with health care, such as medical scheme administration, brokers and marketing.

We will save money also by investing in primary health care, strengthening referral systems and devolving hospital management responsibilities to hospital CEOs and contributing to efficiency gains.

We therefore need not be transfixed on the costs alone but on the efficiencies and savings that NHI will bring to the entire health system. No amount of precision cost calculation will outweigh the real public benefit of improved quality of life for our people.

South Africa has the resources to finance NHI. The biggest problem in our country is not having sufficient funding to finance health care provision; it is how we allocate our existing health financial resources to provide everyone good quality health care.

Our health system has so far allowed and encouraged massive inequalities, where those with high income have access to the best private health care and those who have low or no income but have greatest health needs are required to access health care services in under-resourced and overcrowded public health facilities.

Currently government continues to finance these inequalities by paying medical aid premiums for state employees and giving tax breaks and rebates for those who contribute to medical schemes.

This adds to inequities and inefficiencies within and between the public and private health sectors. That is why we are committed to transforming how we finance the health care system. As outlined in the White Paper on the National Health Insurance, we will do so by moving beyond the existing fragmented public and private health financing systems to create a common modern universal health financing system which is cost-effective, professionally run, trusted by citizens and provides protection against costly health services.

We will move from a voluntary to a mandatory prepayment system, which means that there will be no need for payments at the point of use or service. This does not mean the abolishment of medical schemes, as they will provide complementary cover and continue to exist side by side with the NHI.

We will need to raise additional revenue for health care to supplement existing resources in the public sector but the total spend will still be below what we spend overall as a percentage of GDP.

We will also achieve savings by purchasing health care products and services from a mix of accredited public and private providers. This will enable economies of scale to achieve cost-efficiency, and deliver quality services and continuous improvements in health outcomes

The NHI will be predominantly funded through general tax revenue allocations through the national budget, supplemented by a payroll tax payable by employers and employees and a surcharge on individuals' taxable income to support the social solidarity principle. This will work out much lower than what poor and rich households currently pay as their contribution to medical scheme premiums.

We remain committed to ensure that NHI is adequately financed and that it enables all to have access to quality health care. It will be implemented in a phased manner, informed by evidence and guided by experience, to ensure that it is sustainable. The question is not whether South Africa can afford to implement universal health coverage, but whether it can afford not to.