NATIONAL HEALTH INSURANCE

Fix public healthcare before launching faulty scheme – Business Day 18 July

The government has shared its vision of universal healthcare in SA through the publication of the National Health Insurance (NHI) Bill and amendments to the Medical Schemes Act.

While Health Minister Aaron Motsoaledi wants all citizens to have affordable, quality healthcare, implementation of the amendments and bill in their current form are likely to result in a weaker healthcare system for all South Africans.

The healthcare industry has been anticipating the government's guidance on these changes for some time, but far from clarifying key issues the draft legislation has raised a number of questions on how a state-driven universal healthcare system would work alongside the private sector.

We have noted a number of unexplained variances between what the minister said and what is contained in the proposed legislation. This is concerning for healthcare professionals trying to plan for the future.

Among the assertions in the media were that medical aids would no longer be allowed to charge copayments, that prescribed minimum benefits (PMBs) would be abolished, and that primary care benefits would be covered by private medical aids.

The bill, on the other hand:

• Proposes the introduction of comprehensive service benefits (CSBs) that are, as yet, unknown benefits supposedly at the primary care benefit level.

• Confirms that no copayments may be charged on CSBs.

• Does not repeal PMBs.

• Does not prohibit medical aids from charging copayments on everything else.

• Does not abolish brokers.

One of the main problems we foresee is that medical aids will be forced to take on too much risk for their appetite, resulting in increased premiums, which are ultimately negative for members.

For example, if copayments — which the Council for Medical Schemes (CMS) estimates totalled R29bn in 2017 — are abolished, medical schemes would face a major threat to their financial future. The government aims to soften this blow by decreasing the 25%

regulated solvency level for medical aids. The industry's total reserves currently amount to R60bn, or 33% solvency on average per scheme.

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However, there is a very real risk that if the copayments are abolished before the solvency level has been lowered, this will result in unnecessary additional costs for members. It is further unlikely that these two values would be the same. This would definitely lead to medical aids increasing their premiums.

The minister's speech included a few scathing comments about healthcare brokers, including that they cost medical aids R2.2bn a year, and confirmed they would be removed. But it was evident from his remarks that there is a misconception of the value independent, informed professional brokers add in helping consumers make the best choice of medical aid.

Removing these experts would result in poorer outcomes for members. Contrary to what Motsoaledi believes, the CMS is not in a position to give members or employers advice on medical aid choices.

While the government is attempting to make healthcare fairer for everyone, it should take care not to make private healthcare unaffordable for lower-earning members, forcing them to abandon their private healthcare cover and revert to state cover at a time when the state institutions cannot take in more patients.

The government's first priority has to be improving its healthcare system, which medical aid members already contribute towards through taxes, before adding more people to the state burden, which would weaken the services it delivers.

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