

NHI will 'nationalise' healthcare - Free Market Foundation Fin24 16 August

The National Health Insurance (NHI) proposed legislation will effectively lead to the nationalisation of health services if doctors and other providers are forced to contract to the NHI, says the Free Market Foundation.

Michael Settas, a consultant specialising in the health market industry, says while universal health coverage is a laudable objective, the need for an NHI is questionable, as South Africa's spending on healthcare is already high, and the public service should be improved to deliver better care.

The Free Market Foundation, which advocates for the deregulation of markets, held a media briefing in Sandton on Wednesday about three key documents set to shake up the healthcare industry. The public has until September to comment on the NHI Bill; the Medical Schemes Amendment Bill, released in June; and the Health Market Inquiry preliminary report, published in July.

Health Minister Dr Aaron Motsoaledi has long pushed for NHI, arguing that 4.4% of SA's gross domestic product (GDP) is spent on private healthcare, while 4.1% of GDP is used on public healthcare, for a much wider net of people, creating inequality in access to healthcare.

Settas warned that forcing doctors and other healthcare providers to be contracted to the NHI could see a 'brain drain' to other countries.

According to Settas, the NHI could also release pent-up demand for health services, which the state has not budgeted for. Settas said both the NHI Bill and the Medical Schemes Amendment Bill would need to undergo financial impact assessments, and the final legislation could differ sharply from the proposals in the documents.

Legal challenges

Dr Johann Serfontein, a member of the Free Market Foundation's Health Policy Unit and healthcare consultant at HealthMan, warned that the recommendation in the Health Market Inquiry preliminary report - that market share for private hospital groups be capped at 20% - could be subjected to legal challenges.

Serfontein is of the view that other parts of the business sector could also oppose this recommendation in court if it becomes policy, as they would be concerned it could be extended to other sectors of the economy.

The four-year inquiry into the healthcare sector by the Competition Commission found there was a lack of players in the private hospital sector, with just three groups - Netcare, Mediclinic and Life Healthcare - holding a combined market share of 83%, with disadvantaged patients.

Serfontein highlighted the complexities and expense of opening up new hospitals as a barrier to entry, and said if the three big private hospital role players were capped in their market share, it could instead drive up costs, as they would no longer benefit from economies of scale.

Serfontein added that the Competition Commission's preliminary report found that brokers played a valuable role in helping consumers decide on the best plan and medical scheme to suit their needs and budgets.

However, the Medical Schemes Amendment Bill proposes an end to brokers, as they hike expenses for medical aid users.

Fin24 reported earlier that the Resolution Health Medical Scheme warned of the timing clash between the Health Market Inquiry and the amendments to the bill covering medical aids, and called on the health minister to work on the documents as a parallel process.