

<http://www.politicsweb.co.za/opinion/the-doomed-national-health-insurance-bill--part-i>

## **The doomed National Health Insurance Bill - Part I**

Christine Botha |  
27 September 2018

Christine Botha writes the future of health reform should not hinge only on the feasibility of the NHI

### **The doomed National Health Insurance Bill: The need to reset the path to universal health coverage – Part I**

*27 September 2018*

In a similar vein to the land reform debate in South Africa, health reform is also filled with populist rhetoric, seemingly in the lead up to the 2019 national elections. In February 2018, President Ramaphosa singled out the urgency of National Health Insurance (NHI) in his first State of Nation address. Publication of the draft *National Health Insurance Bill* (NHI Bill) followed shortly, with the simultaneous release of the *Medical Schemes Amendment Bill* (MSA Bill).

In brief, the NHI Bill provides for the establishment of a single health financing system, the NHI fund, which will be the single purchaser and financier of the population's personal health services. The NHI fund will pool funds and purchase undefined "comprehensive health services" on the population's behalf from accredited health establishments and suppliers. All South African citizens, permanent citizens and their dependants will be obliged to register as NHI fund beneficiaries at accredited public/private health care establishments and will be entitled to "quality health service benefits" free of charge. Refugees and asylum seekers will be entitled to emergency health care services, treatment of notifiable conditions, and paediatric and maternal services at primary healthcare level. A person will not be able to directly utilise hospital or specialist services without referral by a primary healthcare provider, unless in an emergency.

One must keep in mind that the NHI is the governing party's answer to ensure universal health coverage (UHC). UHC is defined by the World Health Organisation (WHO) as ensuring all people have "access to health services" (ranging from prevention and treatment to rehabilitation) of "sufficient quality" without exposing them to "financial hardship". The NHI Bill maintains that the NHI will give effect to the State's constitutional duty of "progressive realisation" of the right to have "access to health care services including reproductive health care". The NHI will apparently be the solution to South Africa's dire state of healthcare which, according to the *2011 Policy on National Health Insurance* (NHI Green Paper), is caused by the unequal provision of quality healthcare in the public and private sector and costly private healthcare.

The fact that the NHI is the governing party's solution to realise universal health coverage is important, as the public has never had the opportunity to participate with a politically neutral forum evaluating different proposals. The official opposition, for instance, has an alternative to the NHI scheme ("*DA Health Policy - Affordable, accessible high-quality healthcare for all*") which uses the Western Cape model, providing free quality health services in the public health system but retaining and reforming the medical aid system. The opposition's model might similarly be problematic, but there has never been an objective comparison for the public's advantage.

The NHI Bill, which will be implemented over three phases, provides very little detail with which to meaningfully engage at this point, as critical elements will only be provided in regulations. This includes the nature of health service benefits to be funded; payment mechanisms; the NHI Fund's budget and the relationship between the NHI Fund and Medical

Insurance Schemes (MIS). The role of MIS is vaguely described as providing “complementary health service benefits” not covered by the NHI Fund, which a user may purchase. Only if a user failed to either comply with the NHI referral pathways or seek services “not deemed medically necessary” must they pay directly or through their medical aid.

Detail about costing, NHI implementation plans, and the healthcare benefits to be funded are pivotal to evaluate the NHI’s feasibility. Lack of this particular detail was already emphasised in the Davis Tax Committee’s (DTC) March 2017 report on the *White Paper: National Health Insurance for South Africa 2015* (White Paper). In brief, the DTC considered the NHI’s tax revenue dimensions and the financing proposals via direct taxation, indirect taxation, payroll taxation, or premiums. The *White Paper*, using 2010 prices and assuming a 3.5 % GDP annual growth, estimated that a R256 billion per annum funding increase was needed and that there would be a R72 billion shortfall by 2025. The DTC stressed that “*the proposed NHI, in its current format, is unlikely to be sustainable unless there is a sustained economic growth*”. Since the DTC’s report the current economic situation has worsened. According to *Statistics South Africa*, South Africa is currently in a technical recession, with a 0.7% decrease in the GDP in the second quarter of 2018, following a 2.6 % decrease in the first quarter. This reality coupled with a staggering unemployment rate of 26.7 % could cripple any hope of the NHI being successful.

In the DTC’s report, an interesting mention was made of Ireland’s *Universal Health Insurance Plan* which could be quite relevant. The DTC cautioned that lack of detail on costing and health service benefits could see the NHI fail, similarly to Ireland’s *2011 White Paper on Universal Health Insurance* which also lacked this particularity. The Irish Government, according to the DTC, subsequently abandoned this in 2015 after a study indicated that it was unaffordable. However, since the DTC report, Ireland has taken an interesting approach. A parliamentary select committee was established in 2016 with representatives from all political parties (the *Oireachtas Committee on the Future of Healthcare*) aiming to achieve cross-party consensus on healthcare reform and fulfilling universal health coverage. The Committee worked with international health policy specialists to address various aspects such as funding and integrated care and their report (the *Sláintecare plan*), concluded in May 2017, provides a 10-year health reform plan. The vision of free of charge quality healthcare in South Africa is a vision aligned to the Constitution in so far as the right to access healthcare services is concerned. The reality, however, is that by solely focusing on NHI, which appears to be economically unfeasible, we lose sight of the fact that a solution is desperately needed. It might be time to follow the Irish example, as the future of health reform should not hinge only on the feasibility of the NHI.

\*In Part I and III, health initiatives undertaken in the NHI pilot phase and proposed NHI governance concerns will be analysed respectively.

*By Christine Botha: Legal Officer, Centre for Constitutional Rights, 27 September 2018*