

Business Day Letter: NHI will need an army

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ONE of the principles of National Health Insurance (NHI) is the creation of a single-payer mechanism, or NHI Fund. This fund will have to administer 20 times as many lives as Discovery Health and will be run by the same people who run the Compensation Fund, Road Accident Fund, South African Post Office and South African Airways.

The Compensation Fund, which is the closest government body to the NHI Fund in (dys)function, has an annual income of R8bn and paid out R1.4bn in medical claims last year.

Yet, it had R23bn in outstanding claims, more than was paid out in the preceding 10 to 12 years, which constitutes almost half the fund's R52bn in assets. The previous compensation commissioner was recently sentenced to a three-month suspended jail sentence for failing to comply with a court order in terms of which he agreed to pay outstanding claims in 75 days.

The Compensation Fund employs 1,630 people and it paid out R1.4bn in medical claims last year.

In comparison, Discovery Health has five times this number of employees and paid out 26 times the amount in medical claims.

The proposed NHI budget is 32 times larger than that of the Compensation Fund and the number of claims payable is likely to be 100 times more, this does not take into account the payment of suppliers.

This would require the NHI Fund to employ between 52,000 and 160,000 employees, if judged by Compensation Fund efficiency. In comparison, the entire South African military employs 89,000 full-time people.

If the government is unable to run an R8bn fund efficiently, how is a R256bn fund going to be different?

Dr Johann Serfontein
Senior Healthcare Consultant: HealthMan
FMF Health Policy Unit Member