

Foundation warns that health plan could be an 'unmitigated disaster'
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WITH an already tough economic climate and narrow tax base, the adoption of proposals in the White Paper on National Health Insurance (NHI) could mean an “unmitigated disaster”. This is according to the Free Market Foundation (FMF), which held a media briefing yesterday on the consequences of signing the paper into law. The paper outlines the Department of Health’s plan to roll out “universal health coverage” over 14 years. The project is expected to be funded through a payroll levy for all employed South Africans, an increase in VAT or an income tax surcharge. It will be compulsory for all citizens.

According to the paper, the NHI is a health financing system designed to pool funds to provide access to quality, affordable personal health services for all South Africans based on their health needs, irrespective of their socio-economic status. However, the cost of the NHI remains uncertain. Yesterday, the FMF questioned the timing of the release of the paper (December 10 last year). The foundation said it was done at a time when South Africans were reeling from the shock and financial disarray caused by the rapid juggling of Ministers of Finance.

Jasson Urbach, director of the health policy unit at the FMF, said that once a law is adopted, it is very difficult to repeal; incremental improvements are better than one giant leap; the NHI will create a huge bureaucracy issue that the government won’t be able to deal with. Urbach questioned whether the country could afford the NHI, saying that as far back as 1944, the government considered a tax-funded national health scheme, but 70 years later it is still not feasible. Urbach also argued that the country already had a narrow tax base and added that it was surprising that the government wanted to put pressure on the already burdened population of taxpayers. He asked why there has been no Treasury analysis of the paper and what the figures given were based on. Also, the so-called comprehensive package of health services has still not adequately been defined.

Urbach said the government may be able to shift costs but it can never avoid them. He said ultimately, individuals should be encouraged to take responsibility for their own healthcare. Part of the solution, as opposed to the NHI, Urbach said, was expanding private healthcare cover. He also argued that regulations prevented medical schemes from introducing low-income options. He said the government should rather act as financier and let people decide for themselves where to spend their money. Urbach said it is not necessary to finance the healthcare needs of an entire population; it is simply unaffordable. Arvitha Doodnath, a legal adviser at the Helen Suzman Foundation, said the NHI needed more evidence behind it and that the statements contained within the document were without backing.

The deadline for public comment on the 97-page paper is March 11.

By: Vuyo Mkize, The Star