

## ***NHI financing impossible in current economic climate***

GOVERNMENT'S proposed National Health Insurance (NHI) plan will never come into being unless South Africa's economy grows by at least 3.5 percent on average each year, according to business rights watchdog, AfriBusiness. Law and policy analyst Armand Greyling said that according to the NHI White Paper's projected cost figures, taxpayers will have to fork out R256 billion over the next 14 years<sup>1</sup> to finance the NHI as envisaged by the state. However, he said, all projected costs are subject to the economy growing at an annual rate of 3.5 percent and we are nowhere near this type of economic growth in South Africa. Current economic growth was "erratically jumping between the 0.7 percent and 1.3 percent mark for the 2015/2016 financial year". This meant that, in effect, the state's calculations for financing the NHI amounted to "nothing more than speculation on the best-case scenario, when in fact we find ourselves in the worst-case scenario". Greyling said the reality facing is that the projected R256 billion required to finance the NHI over the next 14 years will in fact not be enough, leaving the debate open as to who will contribute to finance the shortfall when the NHI has come into full effect. The short answer is, inevitably, the taxpayer. AfriBusiness said it would monitor the situation regarding NHI financing and would do everything possible to ensure that taxpayers would not be blindsided as a result of poor planning and unachievable aspirations by the state.

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- 1. HealthMan Analyst's Note: The NHI white paper actually does not state that implementation will cost R256 Billion over a 14 year period. It states that the estimated eventual cost will be R256 Billion *per year* in 2025.**