

South Africa simply cannot afford a scheme like NHI

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“A lie told often enough becomes the truth” is a quote ascribed to various people. A lie of the kind many of which have crept into the debate surrounding the appropriateness and feasibility of the proposed National Health Insurance (NHI) scheme in South Africa. An oft-repeated lie is that since 16 percent of the population are members of a medical scheme, the remaining 84 percent are the responsibility of the government. But as professors Heather McLeod and Servaas van der Berg note: “Though the 16 percent of the population belonging to medical and bargaining council schemes receive good health services, public health care quality is so inadequate that 30 percent of people without medical scheme cover pay for private treatment out of (their own) pocket.”

The real issue is cost. Given the country’s bleak economic growth forecast, chronic unemployment situation, narrow tax base, and a ballooning budget deficit, South Africa simply cannot afford a system of nationalised health care. Yet NHI proponents respond with: “Can we afford not to implement NHI?” This is naive in the extreme. Advanced, developed countries are struggling to meet the health-care demands of their citizens under a single-payer system. Ample evidence exists of how the government involvement in healthcare increases costs, erodes quality, and thwarts innovation. For example, a 2014 study by the Fraser Institute found that wait times for medically necessary treatment in Canada have increased from 9.3 weeks in 1993 to 18.2 weeks in 2014. Especially long wait times were experienced for hip, knee or back surgery (42.2 weeks) or neurosurgery (31.2 weeks). Health care delayed is health care denied. The people who suffer the most are the poor and the middle-class who cannot escape the vagaries of the government-controlled system. The rich are able to hop on a plane to seek medical care they desire elsewhere.

NHI would concentrate power in the hands of the government officials who would be acting as both a player and a referee and leave no room for private medical schemes to operate. Whether directly or indirectly, the government would control the availability, financing, and delivery of your health care – the choice no longer yours to make. A compulsory NHI funding would serve the government’s interests, not yours. South Africans need to exercise real personal choice in choosing medical insurance that best meets their unique needs.

Increased competition would force medical schemes and providers to compete directly for your money by providing value and choice. Personal ownership of health care would help control costs and guarantee better quality, eliminating the need to depend on the government. The NHI fund would crowd-out the private health insurance market. Individuals will be paying three times for compulsory

health care cover through a mandatory surcharge on taxable income, a payroll tax, and VAT, on top of which, for many would be their voluntary contribution to a medical scheme. Those who are cash strapped, will have no option but to cease their voluntary payments to medical schemes and rely fully on that supplied by the government. Since the main funding option for the NHI scheme will necessarily come from a surcharge on taxable incomes and or a payroll tax, the NHI would be a tax on labour. A payroll tax is ultimately borne by workers, either in reduced compensation or job losses. Forcing employers to do “the right thing” may be politically attractive rhetoric for politicians, but such efforts would effectively lower wages and destroy jobs – precisely the opposite of what the poor in this country require. A tax on labour leaves workers less disposable income to spend on things that improve their lives and less money for savings and investment. Without investment to fund new ventures, there will be fewer job opportunities and lower economic growth.

So while the NHI scheme is supposed to help people access medical care, it would instead undermine their chances of economic success by either cutting their wages or eliminating their jobs altogether. South Africa’s chronic unemployment problem and dismal economic growth would only worsen. In short, adopting NHI has the potential to wreck South Africa’s already weak economy. Government spending has to be curbed. The government must adopt policies that promote economic growth and address unemployment, which has relegated over 8.3 million South Africans to lives of hopelessness and lost potential. The government does not have to provide “free health care for all”. Instead it should focus its resources on those who truly cannot afford health care, and leave the rest of the population to decide for themselves how to spend their money.

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