

NHI will be an unmitigated disaster if implemented – AfriBusiness

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The business rights watchdog AfriBusiness is of the opinion that the proposed National Health Insurance (NHI) will not be implemented by 2025 as planned, and says that even if it is implemented at a later stage, the consequences will be disastrous for South Africa.

This follows after AfriBusiness submitted its comments to the Department of Health regarding the proposed NHI. In essence, the commentary dealt with the unaffordability of the NHI due to a lack of economic growth, high unemployment figures and the effect of issuing higher taxes – ultimately to fund the proposed NHI model. No extensive research was done to determine whether or not the proposed NHI model is indeed the best possible form of universal healthcare for South Africa, nor was there any research done into any alternatives that could address South Africa's unique problems when it comes to access to healthcare.

“The current NHI model will need to be financed through an extensive tax-mixture which includes, but is not limited to, personal income tax, VAT, payroll and even estate duty tax. The NHI's cost, in the words of the Department, is linked to the economy growing at an estimated rate of at least 3,5%. The International Monetary Fund (IMF) has forecast a growing rate of only 0,7% for South Africa in 2016, whilst Pravin Gordhan, Minister of Finance, has forecast a growing rate of 0,9%. Financing this goal of universal healthcare appears to be out of reach,” said Armand Greyling, Law and Policy Analyst at AfriBusiness.

A country that is not showing growth and economic welfare, cannot afford luxuries such as the NHI. It is in fact not the idea of universal healthcare that is the problem; it is the current form of the NHI model, which will actually have a ripple effect on the economy if implemented. For instance, if VAT was raised to help finance NHI, unprivileged families who are dependent on social grants will have less disposable income, which will facilitate the need for Government to raise social grants and leave the Treasury with even less funds available to perform its duties. Other forms of taxes will then have to be raised even further to generate the same income as before, but seeing as the economy is not growing or perhaps even shrinking, this will lead to further unemployment, thereby placing an even larger burden on Government.

“We need to look at alternatives that will be financially viable for the entire country when it comes to universal healthcare, and at this stage it seems clear that the current model of the NHI is a luxury we simply cannot afford as a country, seeing as it will lead to the detriment of us all,” concluded Greyling.

Source: Afribusiness