

NHI is unaffordable and ill conceived

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The National Department of Health (NDOH) published its latest policy proposals on the planned National Health Insurance (NHI) in the Government Gazette on 10 December 2015 (the White Paper) and interested persons were invited to submit comments and representations on the White Paper policy proposal. The Free Market Foundation welcomed the opportunity to participate and provide input in this critical debate.

Submission

The White Paper does not explain how South Africa, which is a relatively poor country, will succeed in providing equitable health care to all through the envisaged NHI system, when even wealthy countries have failed in their attempts to do so.

When you add to that increased costs, antiquated infrastructure and an aging population, it is seriously doubtful whether the government is justified in wanting to introduce a single payer NHI-style system.

New investment in health sector

New investment in the health sector is an essential priority given the potential crisis, but government has a poor track record in investing and maintaining public sector infrastructure.

It is, therefore, reasonable to assume that new investment will not be forthcoming in the future. It is essential for the private sector to continue to play a significant role in South Africa's healthcare.

Considering the fact that medical schemes provide the main channel for accessing private healthcare, it goes without saying that legislation which impacts this sector will directly affect the private provision of healthcare.

South Africans will lose their world-class private healthcare firms if government's healthcare plans continue in the direction of nationalisation.

Individuals' freedom to choose their own healthcare, which is such a vital and personal service, will be severely curtailed under the proposed system. If government views 'healthcare for all' to be politically essential, it could require the population to privately and individually purchase mandatory cover to insure against catastrophic health-related events but otherwise leave people to provide for their own and their families' medical-related and other needs.

Tender

Furthermore, instead of the government undertaking the management of taxpayer-provided funds intended for covering the medical costs of the poor itself, it should put the task out to tender.

In the same way as people have many options to choose from in household insurance, car insurance and myriad other products and services, publicly-funded patients will then have a multiplicity of medical schemes to choose from.

Competition between public hospitals and clinics, and with private facilities, to win business from taxpayer-funded public health insurance beneficiaries, will thrive and ensure that the best service for the best price is given.

Government's 'laying the foundations for NHI' before the merits of the proposed system have been adequately discussed is putting the cart before the horse and comes at a cost for every person in South Africa, rich or poor.

Populist rhetoric

Finally, the NHI White Paper is thick on populist rhetoric and thin on critical details to make an informed decision on the health and economic impacts of the proposal. South Africa is facing an important tipping point that affects not only each and every one of us but also our children and grandchildren and generations to come.

We can either choose systematic deregulation of the private sector on both the funding and provision sides, or we can choose even tighter controls where all of our healthcare decisions are governed from the cradle to the grave. We need to have the courage to recognise the impending disaster and correct the mistakes before they are made.

If South Africans want better health outcomes then we should be focussing on the institutions that we know result in higher levels of economic growth. South Africa's proposed NHI is premised on a principle of compulsion – an anathema to personal and economic freedom.

It is only with economic growth and increased incomes that South Africans will gain greater access to medicines and hospital services. Government, therefore, should focus on adopting policies that foster economic growth by increasing the level of economic freedom in the country. The evidence that greater levels of economic freedom and increased wealth lead to better health outcomes is clear and unambiguous.

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