

## **Striking a balance in NHI funding**

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Although there's a general consensus on the need for equity, efficiency and universal healthcare, a lot of detail is still missing in current White Paper on South Africa's National Health Insurance (NHI) strategy.

Speaking at the 17<sup>th</sup> Board of Healthcare Funders Conference, Bongani Khumalo, acting chairman and CFO: Financial and Fiscal Commission (FFC) said his presentation was based on a colloquium on the implications of the NHI on the intergovernmental system, specifically the fiscal relations between national and provincial government held on 1 June 2016.

Among the major points on striking a balance between these factors are:

- NHI will require public funding over and above that already allocated to the health budget, which will mean finding additional revenue sources in an environment of fiscal consolidation and debt stabilisation.
- NHI funding will have to be achieve an appropriate balance in order to ensure that the tax structure continues to support economic growth, job creation and savings.

### **Underlying problem**

“The underlying problem is that South Africa already spends approximately 9% of GDP on health care, which is very high compared to other countries. There are huge inefficiencies in both private and public sectors that need to be addressed, while the NHI is often misunderstood to be a pure insurance model where those who pay receive services, whereas the intention is a NHI scheme,” said Khumalo.

### **Constitutional implications**

In addition, the White Paper needs to be looked at against the Constitution, where Schedule 4 deals with health services but does not define “health services”. It may be necessary to relook at Chapter 13, which is prescriptive in terms of equitable share and does not leave much room to reorganise the state, he said.

Therefore, the proposed NHI Fund (a single pool of funding for healthcare), which would have consequences for provinces, is not necessarily unconstitutional so long as the provinces have some role to play.

The White Paper is unclear about how the institutional and funding arrangements will be organised under the NHI. This ambiguity can therefore destabilise the entire system of intergovernmental relations.

### **Where do the provinces fit in?**

The role of provinces in this system is not clear in the White Paper and needs to be considered carefully as they will have a major role to play especially during the transition period. Similarly, once facilities assume all their assigned responsibility, provinces, districts and municipalities will still have a major role to play in enhancing the efficiency of the health system.

“The question is: How will provinces be able to fulfil their mandates when funding is held elsewhere?” Khumalo asked.

### **A long way to go**

There a lot of research that still needs to be done on constitutional and legislative changes and fiscal instruments. And vibrant discussions and collaborations across all health stakeholders is needed to make NHI successful, he explained.

The FFC and DNA Economics plan a second NHI Colloquium in September 2016 that will include the private sector.

*By Nikki Botha*