

## **Private sector must rein in Zokufa**

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ON JUNE 28, at a media conference co-organised by the Department of Health, Board of Healthcare Funders (BHF) chairman Dr Humphrey Zokufa, in support of National Health Insurance (NHI), commented: “If we want to see economic growth and the implementation of the National Development Plan, we need to change the paradigm. We have an opportunity to participate in correcting what is wrong and to invest in improving the health of our nation. That is why we are 100 percent behind the NHI.”

The BHF is a representative organisation for the private healthcare funding industry, with the motto “Serving Medical Scheme Members”. Its proclaimed aim is “to ensure the viability, sustainability, relevance and legitimacy of the private healthcare funding industry in southern Africa”. More likely to achieve that aim, and to be in the best interest of BHF members, would be the introduction of a risk equalisation fund among medical schemes that would pool funds and risks to medical schemes’ benefit.

Zokufa, though, is not advocating for this; he supported the pooling of funds through the NHI. The NHI White Paper states medical schemes will be allowed to fund only complementary services not covered by the NHI. Paragraph 401 states: “all medical schemes will only offer complementary cover for services that are not included in the health service benefits and medicines approved by the NHI benefits advisory committee.

The cover provided by medical schemes must only complement (and not duplicate) the NHI service benefits.” In paragraph 402, it states that “when NHI is fully implemented it is anticipated that the number of medical schemes will reduce from the current 83 to a much smaller number”. The BHF is thus supporting an initiative that will lead to a large-scale reduction in the number of medical schemes, and subsequently the demise of its own member organisations. Does Zokufa have a mandate from member organisations to support NHI, considering that medical schemes have a responsibility to their members to be managed in a sustainable manner, that, presumably, excludes supporting initiatives that would lead to their demise?

Criticising the NHI creates public relations issues for medical schemes, so it is unlikely any of them would publicly berate the BHF for this position statement. The BHF memorandum of incorporation, as lodged with the Companies and Intellectual Property Commission, states that directors have a duty to “ensure the integrity, credibility and sustainability of the company” and “ensure that its functions in

terms of (this) memorandum are carried out in a manner that equally serves the interests of all of its members and associate members”.

It could thus be argued that the directors of the BHF are delinquent in their duties to members by either supporting an initiative that is to the detriment of its members’ interests, or by their failure to retract the statement by the chairman and discipline him for publicly expressing the BHF’s support for the NHI. Whether the NHI is the correct way to tackle universal healthcare in SA is not the central concern here.

The concern is the lack of corporate governance in the BHF and the apparent delinquency of the directors to hold the executive to account for not adhering to the memorandum of incorporation or the company’s functions and value proposition, which includes representing member interests and “lobbying and advocating policy positions on behalf of our members”. An organisation that is supposed to serve the interests of medical schemes clearly should not be supporting an initiative that will radically reduce their numbers. The Companies Act certainly demands responsible behaviour by directors regarding their members’ best interests. Perhaps the threat of prosecution would prompt action from the BHF board regarding this issue.

*Johann Serfontein: Business Day*