

What the fee protests have to do with universal healthcare and the NHI

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South Africa has been experiencing four weeks of violent protests on campuses all around the country because students are demanding that the government delivers on promises of "free education".

These fee protests, along with the 3,542 violent protests recorded in 2015-16 and 11,151 peaceful protests, give an indication that South African citizens are holding the government accountable for the promises that are made to ensure votes in election years. This has some serious implications for the promise of "free healthcare for all" being made in the National Health Insurance (NHI) white paper.

When it comes to healthcare funding, the World Health Organisation (WHO) indicates that universal healthcare "does not mean free coverage for all possible health interventions, regardless of the cost, as no country can provide all services free of charge on a sustainable basis". The decision to provide free healthcare for all in South Africa was thus a political one, ignoring the WHO position on this and without taking into account the financial implications of this promise.

The low levels of employment and the small base of taxpayers in South Africa compared with other countries using tax-funded public health systems is an indication that higher levels of employment are needed to sustain such a system. This does not mean that South Africa cannot afford universal healthcare. What it does imply is that a different, more appropriate funding model needs to be considered.

The WHO says universal healthcare means all people receive the health services they need without suffering financial hardship when paying for them. The full spectrum of essential, quality health services should be covered, including health promotion, prevention and treatment, rehabilitation, and palliative care. If you are poor, paying anything at all will create hardship. The more affluent, however, can afford to pay for healthcare and at present choose to do so by making medical scheme contributions.

In Canada and Taiwan, where South Africa's proposed single-payer NHI system is in use, experience shows that even with a much broader tax base, this system is expensive. Research by the Fraser Institute on the cost of healthcare insurance for Canada illustrates that Canada consistently applies 23.9% of personal taxes that get paid towards healthcare insurance for individuals. The healthcare taxes of Canadians are quite progressive, with the lowest earners spending 3.5% of their income on health while the highest earners spend 13.2% of their income. Between 2005 and 2015, the consumer

price index (CPI) average increase was 1.7%, while healthcare inflation was 4.8% — or a 2.8 multiple of consumer inflation.

Discovery Health illustrated at the Health Market Inquiry that its premium inflation is currently 11.4%, against South Africa's CPI of about 6.3%. Healthcare inflation in the South African private sector, which is branded as expensive in the NHI white paper, is only a 1.8 multiple of CPI.

Taiwan has 23-million people on its NHI. The Taiwanese government pays 23.2% of NHI funding and 76.8% of it is funded by individuals and employers. Every service delivered in the Taiwanese NHI has a copayment ranging between R20 for GPs and R115 for hospitals and specialists. Out-of-pocket expenses in Taiwan amount to 35.8% of all healthcare spend in the country. Even with these levels of copayments, the Taiwanese government often has to pay for deficits in its NHI funding. Despite this system, the satisfaction rate in Taiwan is 70%-80%, which is less than South Africa's current public health satisfaction levels of 81%.

Using these examples, the rationalisation of using these two countries as a motivation for a single-payer NHI model for South Africa is not clear. Canada's healthcare inflation and costs are much higher than South Africa's, despite having a single-payer system, while in Taiwan, 35.8% of healthcare is provided for by out-of-pocket payments.

This brings us back to the inherent danger in promising free healthcare to the masses, as failure to deliver this in the South African context will lead to protests and some of these will turn violent. Before these promises are made, the costing and delivery model of the NHI needs to be finalised and funding decisions have to be made. We need to determine what it will cost and who will ultimately pay for it before we promise free healthcare to constituents who are increasingly holding the government responsible for the promises it makes.

By Johann Serfontein in Business Day

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