

### National Health Insurance Bill: Is it implementable in its current form?



The South African Health Minister, Dr Aaron Motsoaledi, recently announced the gazetting of the National Health Bill and Medical Schemes Amendment Bill. Since the announcement, there has been a flurry of activities by the various stakeholders especially the private healthcare providers and funders to unpack the implications of this bill on both

private and public healthcare sectors. The private healthcare sector has been more proactive, organising workshops, seminars and symposia as they perceive that the moment the bill becomes an “Act”, it will be ‘fait accompli’ and will affect how they run their business in the future. However, it is critical to have an understanding of some implications of the NHI on the South African health system.

In one of the newspapers that analysed the NHI bill, the focus was on the financial implications for the users of the healthcare service. According to the 2017 NHI White Paper, NHI will cost R256 billion in the 2025/2026 financial year at 2010 prices. The article identified six important issues on how the NHI will affect the consumers’ pocket as follows<sup>1</sup>:

- a. Establishment of the NHI fund:** It will be compulsory for all South Africans to belong to the NHI. How this will be achieved considering the realities of a failing public healthcare system is yet to be determined.
- b. Income cross-subsidisation:** The health financing system will pool funds to provide access to quality health services to all South Africans. This means that the rich must subsidise the poor, while the young must subsidise the old and the healthy must subsidise the sick. Within the current poor economic climate where the unemployment rate is close to 28 percent, it will be a burden not only on the rich but also on the middle class, that is, those already financially burdened with debt.
- c. Abolishment of co-payments:** This sounds like a laudable and positive move as the current scenario shows that medical aid schemes pay a portion of medical care and the scheme member contributes a co-payment to cover the gap. The implication of the abolishment of co-payments means “every cent charged to the patient must be settled fully by the scheme and the patient should not be burdened with having to pay,” Motsoaledi explained. The latter will change the landscape of medical aid schemes and professional care

service providers who have become accustomed to insisting that patients make co-payments for services rendered, medications prescribed and procedures performed over and above the approved tariffs.

- d. Abolishment of brokers:** This has been a very contentious issue in which close to two-thirds of principal members of medical aid schemes pay a broker, monthly, as part of their premiums. It was reported that in 2017, principal members of medical aid schemes paid a total amount of R2.2 billion to insurance brokers. The question to ask is ‘what were the premiums used for?’ The other important question is ‘what were the benefits derived from the insurance brokers?’ The moment concrete answers cannot be provided for the aforementioned questions it makes sense to scrap the intermediary in the delivery of healthcare services as the Council for Medical Schemes already does most of the brokers’ work.
- e. Passing back savings:** With the implementation of the NHI, it means that medical aid schemes will have to pass back savings to members, if a member uses a designated service provider. Currently, that is not the case, as these savings are taken over by the schemes and administrators instead of being passed back to members through premium reductions. The Medical Aid Schemes are withholding close to R60 billion in reserves and not subsidising membership premiums. The cost of these co-payments to South Africans is R29 billion in total, according to the health minister.<sup>2</sup>
- f. No penalties for late joining or age:** This particular point emerges from the second bill that the Health Minister announced, that is, the Medical Schemes Amendment Bill. The latter deals with the cancellation of membership, and waiting periods between joining a scheme and accessing benefits. When the NHI comes into law, there will be no penalty related to late joining or age. This provision will protect the interests of living spouses after the passing of the principal member, or after retirement prior to payment of their benefits, the minister explained.

Judging from the above, there are critical issues that all stakeholders have to engage on in a constructive manner while the NHI bill is undergoing discussions for inputs before its finalisation as the NHI Act. The inputs by doctors, allied health providers, nurses, etc are critical as the medical aid schemes are already in the strategy implementation mode on how to remain relevant following the NHI implementation. It appears as a big threat to the ‘status quo’ and it will challenge the bottom line of the private healthcare industry. With an ailing public healthcare

system, the critical question to ask is –“Is the NHI implementable in its current form considering the poor economic state of the country?” I encourage readers to download the NHI bill, read it and then engage in various forums on its implementation. The moment it becomes the NHI Act, it will be difficult to make any substantial input at that stage. Let us be proactive in our submissions to the national department of health that may subsequently influence the NHI Act. We should not play the role of the proverbial ‘ostrich’ that sticks its head in the sand as if nothing is happening around it.

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**Reference:**

1. Fin24. 6 ways the NHI bill will affect consumers’ pockets. Available at <https://www.fin24.com/Economy/6-ways-the-nhi-bill-will-affect-consumers-pockets-20180622> [Accessed 08 Aug 2018]
2. The Citizen. New SA medical aid amendments will change your life. Available at <https://citizen.co.za/news/south-africa/1960155/new-sa-medical-aid-amendments-will-change-your-life/> [Accessed 08 Aug 2018]