The implications of the recently published NHI Bill and what it means for the country

South Africa's National Health Insurance (NHI) Bill 2019, was introduced to the National Assembly on 8 August 2019 and is bound to create debate. It is expected that there will be various areas of uncertainty created by this Bill. It does, however, create a roadmap for the way forward on NHI with greater detail on the operational processes and structure of NHI, making this proposed system seem less of a pipe-dream and more of a reality.

The lower than expected inflation levels and the slow down in the economy means that trying to stimulate the economy is going to be a key priority for the forthcoming budget. The recent reduction in the repo rate by 25 bps to 6.25% in January is an attempt to do just that. Further cuts can be expected in the first quarter and last quarter of 2020 as well.

As was seen from the last budget, the key spending areas for government over the past year has been on social services. R 1.10 trillion of the R1.83 trillion government expenditure has been directed to learning and culture, health, community development and social development. While this is significant, the year on year increase directed towards healthcare from 2018/19 and projected to 2021/2022 remains at a modest average annual rate of 7%.

There is no specific large-scale investment/budget directed towards NHI or the public sector health. South Africa's level of public health spending, per capita and as a percentage of government's overall spending, is comparable to that of other upper middle-income countries. The conflicting objectives that the government currently finds itself in, from free higher education and bailing out of various SOEs, including Eskom, means that additional funding directed explicitly at healthcare is less likely.

The White Paper estimates a funding shortfall of R 72 billion for NHI by 2025/2026, when NHI is likely to be launched. This is based on an assumption of 3.5% annual economic growth. The recently published NHI Bill has highlighted the key sources of the funding as being money appropriated annually by Parliament from the following key sources: general tax revenue, reallocation of funding for medical scheme tax credits to NHI; payroll tax and a surcharge on personal income tax.

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Section 33 of the Bill is bound to create high levels of uncertainty around the role of medical schemes post implementation of NHI. The complementary services that medical schemes may provide is not clearly defined nor is the benefit package that NHI will provide.

The implementation phases of NHI according to the Bill is based on timelines that don't link back to any measurable milestones and outcomes. Further thought and clarity around this is needed.

While the Bill has provided greater clarity around certain aspects of NHI, it has introduced other uncertainties. These uncertainties need to be ironed-out in order to get better buy-in from all participants in the healthcare sector.

The one aspect that the government has reiterated recently and is evident from the Bill and public discussions is that the process forward is one healthcare system for everyone and not a pseudo public/private system. This is different from previous thinking where it was anticipated that the private sector will assist the public sector to become sustainable over time and that people would be free to choose between the two systems. The evidence of failed SOEs in South Africa are likely to create huge apprehension as to the future success of this NHI system proposed in this manner. More work is required by both government and all stakeholders to alleviate the fears of the public and propose a detailed road-map that is clear, deliverables driven, well-defined and sustainable.

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