

## National Health Insurance - Why, what, how and when

The approval of the National Health Insurance (NHI) Bill has drawn substantial media coverage over recent weeks. Naturally, there will always be some who are in favour of change and others against it. As such, many are excited about the prospect of a major revamp of public healthcare while others are concerned about the future of their medical scheme benefits. The Bill has been approved by Parliament and forwarded to the National Council of Provinces (NCOP) for consideration which will then be followed by formal parliamentary sign-off and presidential promulgation.

## South Africa’s healthcare expenditure in the global context

To put things into perspective, one would have to consider that South Africa spends 8.58% of our GDP on healthcare, compared to a world average of around 10%. However, our life expectancy and infant mortality rate are substantially worse than many other countries with similar health spend. Below is an extract from a World Bank publication, indicating percentage of GDP spend for a number of countries and the same countries’ infant mortality rate and life expectancy as indicators of health outcomes.

Country	Health spend as % of GDP	Infant mortality/1000	Life expectancy	Population (millions)
Argentina	9.98	7.61	77.98	45.6
Australia	12.17	3.14	83.73	26.4
Botswana	6.19	36.08	66.05	2.68
Brazil	10.31	13.13	76.18	216.4
Cuba	12.49	4.08	78.33	11.19
Egypt	4.36	16.65	70.81	112.7
Jamaica	6.61	11.43	72.37	2.83
South Africa	8.58	25.78	62.89	60.4

Source: <https://worldpopulationreview.com/country-rankings/infant-mortality-rate-by-country>

## The rationale for NHI and universal coverage

The South African healthcare landscape is divided into public and private sectors, each possessing vastly different characteristics as demonstrated below.

	Public sector	Private sector
Number of lives	51m	8.95m
% of population	85%	15%
Funding source	Taxes allocated to Health Budget	Medical scheme contributions
Amount	R259bn (2022)	R220bn (2021)

Sources: [www.fitchsolutions.com](http://www.fitchsolutions.com) and CMS Report 2021

Government’s drive towards universal health cover emanates from the healthcare rights and responsibilities as enshrined in the South African Constitution. The Constitution states that “everyone has the right to have access to health care services... the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights and no one may be refused emergency medical treatment.” Through the NHI initiative, government seeks to provide universal access to quality healthcare for all in accordance with the Constitution.

The South African government’s policy position of ensuring universal coverage is also aligned to the proposals from the United Nations and the World Health Organisation’s Sustainable Development Goals (SDGs), and recognises the above disparity.

## Funding and workings

The above disparity between the public and private sectors has resulted in vastly different health outcomes and forms the main motivation for universal coverage to all South Africans, irrespective of financial means. The idea is for the funds as stated in the above table, to be pooled and made available to the entire population.

In broad terms the Bill proposes that those who can afford to- and their employers, will contribute to the NHI Fund through general and dedicated taxes and redirecting of current funding and subsidies. These funds will form the single Fund from which the NHI benefits will be funded and members of the NHI Fund will have no contribution at the point of service.

Benefits will be determined by available funding and the providers of services will be from both the public and private sectors. Once NHI is fully implemented, medical schemes would only be allowed to offer benefits which are not provided through NHI.

Various structures and initiatives to manage NHI, such as the NHI Fund and its Board must also be established by the NHI Implementation Office. Furthermore, numerous related Acts, including the Compensation for Occupational Injuries and Diseases Act (COIDA) will have to be amended to accommodate this new legislative landscape.

## Process towards implementation

The formal process to introduce NHI to South Africa started as far back as 2011 when the Green Paper on NHI was published. After a rigorous process of stakeholder comment, public hearings and debate, a milestone was reached when the NHI Bill was passed by the National Assembly on 13 June 2023. The Bill is now being processed by the NCOP where each province will have their own public consultation process and decide on their position on the Bill. Through a process of negotiations, the respective views will then be formalised into a final version of the Bill to be considered by the NCOP for a vote to accept or decline.

If the Bill is passed without any changes by the NCOP it is sent to the President to sign the Bill into law.

The above processes will take a number of years to complete and many stakeholders have expressed interest in challenging the NHI Bill in the Constitutional Court. During this extended period, medical schemes and the private healthcare sector will continue to play a vital role in contributing to the health and productivity of citizens who can afford this cover.

## Simeka Health views

- Simeka Health **supports a system to achieve universal healthcare coverage that improves access to healthcare for all South Africans**. However, we are not in favour of the single funder model proposed in the Bill and believe that sustainability can only be achieved where there is effective collaboration between the private and public sectors.
- **Simeka Health is concerned about the uncertainty around the benefits and funding of NHI**. The input from National Treasury and the supporting "Money Bill" has not been disclosed or debated, leaving the funding entirely unclear.
- Simeka Health is concerned that the **valuable input from multiple stakeholders on the draft Bill has been largely ignored, leaving the amended version of the Bill very much similar to the original draft**. The Portfolio Committee missed the opportunity to incorporate amendments to enhance the feasibility and effectiveness of the NHI Fund.