National Health Insurance Bill

By Randhir Naicker, issued by Cox Yeats

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Records indicate that almost 85% of South Africans depend on the public health care system. Back in 2019/2020, the National Department of Health estimated that the spend on public health care was about R220bn with R250bn being spent on private health care which services about 15% of South Africans. The disparity between the public and private healthcare systems is undeniable. Few users of the private health system voluntarily use the public health system. The state of the public health system is no secret in South Africa. Something needs to change.

Starting with the White Paper on National Health Insurance in December 2015, the National Health Insurance Bill was introduced in the National Assembly in July 2019. The Bill was approved by the National Assembly on 13 June 2023. The Bill will now be considered by the National Council of Provinces and, if approved, will be sent to the President for assent.

Randhir Naicker

As with most new things, there are many misunderstandings with, and shortcomings in, the Bill.

Purpose

The purpose of the National Health Insurance Bill is to establish a National Health Insurance Fund (**Fund**) with the objective of providing universal access to quality healthcare services in South Africa. The idea is to pool resources and buy a better package of services for everyone at a lower cost.

This is a great proposition for public healthcare users as the government intends to upgrade facilities more in line with those in the private healthcare system. It is a daunting proposition for private healthcare users who are concerned about restricted access, increased costs, and the unfortunate bureaucracy that is usually associated with government-run institutions.

Funding private healthcare

For the 15% of South Africans that can afford it, medical schemes provide a mechanism to access private health care and fund it. If medical schemes were permitted to continue operating under NHI as they currently do, this would have been the solution for those South Africans who preferred not to engage with a healthcare system controlled by the government.

While it isn't entirely clear just yet, section 33 of the Bill suggests that this is likely to change dramatically. When NHI is fully implemented, medical schemes may only offer complementary cover to services not reimbursable by the Fund. What this means is anyone's guess at this stage.

Complementary cover is defined as *"third party payment for personal health care service benefits not reimbursed by the Fund, including any top-up cover offered by medical schemes registered in terms of the Medical Schemes Act or any other voluntary private health insurance fund any third party".*

The restriction on medical schemes must be considered against section 6 which deals with the rights of users under the Fund and section 8(2) which deals with cost coverage. These could provide the loopholes that will enable medical schemes to continue operating as we currently know them for much longer.

According to section 6, *"a user of health services purchased by the Fund is entitled, within the State's available and appropriated resources to receive necessary quality health care services free at the point of care from an accredited health care provider."* It seems that if a user can't access necessary health care due to the unavailability of appropriated resources, that health care can be funded by medical schemes.

According to section 8(2), a user must pay for health care services directly, or through a voluntary medical insurance scheme, if that user is not entitled to health care services purchased by the Fund or fails to comply with referral pathways prescribed by a health care provider or wants a service that is not deemed medically necessary or wants treatment not included in the formulary.

Timelines

The Bill is intended to be implemented over two phases with National Health Insurance being *"gradually phased in using a progressive and programmatic approach based on financial resource availability."*

Phase 1 which is intended to be a five-year period will include:

(i) the continued implementation of health system strengthening initiatives, including alignment of human resources with that which may be required by users of the Fund;

(ii) the development of National Health Insurance legislation and amendment of other legislation;

(iii) undertaking initiatives aimed at establishing institutions that must be the foundation for a fully functional Fund; and

(iv) purchasing personal health care services for vulnerable groups such as children, women, people with disabilities and the elderly

Phase 2 is intended to be a four-year period and will include:
(i) the continuation of health system strengthening initiatives on an ongoing basis;
(ii) the mobilisation of additional resources where necessary; and
(iii) the selective contracting of health care services from private providers.

Government's perspective

The following extracts are from the second reading debate on the Bill in the National Assembly on 13 June 2023 by the Minister of Health, Dr. Joe Phaahla, and are a good summary of the government's perspective:

"...in simple terms what the NHI seeks to do is stop the two trains, i.e., Private Health and Public Health traveling on parallel tracks but both surely going toward crashing while if they can be pooled together there is good chance of complementing each other...

The NHI seeks to pool resources of those who can only contribute to the fiscus through indirect means such as VAT and other collections and those of us who are able and are already making fragmented contributions into 81 different schemes into one pool which can purchase services from both the public health system and private providers from lowest level of care up to the highest.

In doing so we can achieve access, equity, and quality but also drive down costs...

We accept that the NHI will not be the silver bullet that will fix all our health problems but it is the necessary foundation to build on for a progressive improvement of access with quality and equity."

ABOUT THE AUTHOR

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