

# Press Release

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South African Institute of Race Relations

*The power of ideas*

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## **It is time to say ‘No!’ to the NHI – IRR**

The 2019 NHI Bill once again kicks the can down the road by failing to provide answers to all the key questions on the proposed National Health Insurance (NHI) system, says the Institute of Race Relations (IRR).

The health ministry once again claims that the NHI will reduce the costs of healthcare and provide some 58 million South Africans with quality health services that are free at the point of delivery.

The NHI will act as ‘a giant state-run medical aid’, as former health minister Dr Aaron Motsoaledi describes it. Once it becomes fully operative, all health revenues will be paid into a single NHI Fund. This will then purchase and pay for all the healthcare goods and services provided each year to all the country’s people by both public and private health providers and facilities.

Under the NHI, the State will also control every aspect of healthcare. This means the State will decide on the healthcare services to be covered; the fees to be paid to doctors, specialists, and other providers; the medicines to be prescribed; the blood tests to be allowed; the medical equipment to be used; the health technologies to be permitted; and the prices to be paid for every item, from aspirins and ARVs to sutures and CAT scanners.

The government claims these controls will be effective in cutting costs and enhancing quality. But the huge bureaucracy needed to implement them will be costly in itself. Pervasive regulation will also stifle innovation, reduce efficiency, and promote corruption.

The main purpose of the NHI Bill is to establish the NHI Fund and its nine sub-units, allow the appointment of a host of advisory committees to help guide the Fund, and introduce a state-controlled Appeals Tribunal to decide on people's complaints against the Fund.

But neither the Bill nor its explanatory memorandum answers any of the key questions about the NHI.

There is still no clarity on:

- what NHI will cost (at least R450bn a year, based on current state and private healthcare spending),
- how it will be financed (through payroll and other taxes to be levied in time on a small and already overburdened tax base),
- what benefits it will cover (to be bureaucratically decided at some point),
- how the supply of healthcare services will be increased to match demand (when most poorly performing public facilities will not qualify to participate and many private practitioners may prefer to emigrate);
- how the enormous administrative burden will be met (when so many of the ANC's deployed cadres are notoriously inept);
- how corruption will be curbed (when fraud and inflated prices already taint up to 40% of the state's procurement);
- why medical schemes should be confined to providing 'complementary' and 'top-up' cover for healthcare services not provided by the NHI (when this will so limit the possible membership pool as to make schemes unaffordable to all but the very rich).

It is time to say 'No' to the uncoded and unsustainable NHI proposal and find far better ways to improve universal health coverage. Waste, fraud and inefficiency in the public health sector must be ended. Low-cost medical schemes and health insurance policies should be encouraged, not restricted. Tax-funded health vouchers should be provided to low-income households so that they can also afford to join these schemes or buy these policies. Medical schemes and health insurers will then have to compete for their custom, which will encourage innovation, promote efficiency, and help to hold down costs far better than a massive and corruption-prone NHI bureaucracy will ever do.

**Ends**