

# How you will be paying for the NHI, and what happens to your medical aid – everything you need to know

Staff Writer 8 August 2019



The Department of Health has published its revised National Health Insurance Bill, promising to bring universal health coverage to every South African.

Since being mooted, the NHI has faced constant controversy including questions around how it will be funded, which medical issues will be covered and how private medical aid users will be impacted.

These concerns have been compounded by a lack of clarity from government, and a [\*\*pilot project\*\*](#) which showed ‘mixed results’.

However, minister of Health Dr Zweli Mkhize has made it clear that his department will tackle these issues ‘as and when they appeared’, and that the NHI will be [\*\*introduced\*\*](#) ‘whether you like it or not’.

“I believe that too much discussion, analysis and diagnosis has been done and it is time for us to jump into implementation,” Mkhize said in his departmental budget [\*\*speech\*\*](#) in July.

“If we continue analysing the problem we will never end up tackling the problems.”

The revised NHI Bill published on Thursday (8 August) appears to answer at least some of the questions around the bill, including how it will be funded, what will be covered, and when the timeframe around when the NHI will be rolled out.

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## Who will be paying for the NHI?

While the bill is still light on some specifics around funding for the NHI, it is clear that South African taxpayers will be paying for a portion of the service.

The bill states that funding for the NHI will be collected ‘in accordance with social solidarity’ through a number of direct and indirect taxes.

These taxes include:

- **General tax revenue**, including the shifting funds from the provincial equitable share and conditional grants into the Fund;
- Reallocation of funding for **medical scheme tax credits** paid to various medical schemes towards the funding of National Health Insurance;
- **Payroll tax** (employer and employee);
- A surcharge on **personal income tax**, introduced through a money Bill by the Minister of Finance and earmarked for use by the NHI fund.

“Once appropriated, the revenue allocated to the fund must be paid through a budget vote to the fund as determined by agreement between the fund and the minister and subject to the provisions of the Constitution and the Public Finance Management Act,” the bill states.

The National Treasury had previously estimated that the cost of the NHI will be R256 billion, but this figure is set to change after the publication of this revised bill.

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## What will happen to medical aid?

Once the National Health Insurance has been fully implemented as determined by the minister through regulations in the Gazette, medical schemes may only offer complementary cover to services not reimbursable by the fund.

This echoes previous statements by Mkhize, where he said that medical aids should not cover services that fall under those covered by the NHI, and only cover those that do not.

Research published by Solidarity has previously warned that the introduction of the NHI could lead to a mass exodus of doctors from the country.

According to the report, the overall sentiment among healthcare professionals towards the NHI is generally negative, with many complaining about a lack of information around the

whole scheme, and worries that the plans will completely destabilise healthcare in the country.

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### **Who will the NHI cover?**

The NHI will cover all South African citizens, permanent residents, refugees, inmates and certain groups of individual foreigners.

The bill states that asylum seekers or illegal foreigners will only be entitled to emergency medical services and services for ‘notifiable conditions of public health concern’.

All children, including children of asylum seekers or illegal migrants, will be entitled to basic health care services in line with the Constitution.

The bill states that a person seeking health care services from an accredited health care service provider or health establishment must be registered as a user of the NHI fund, and must present proof of such registration to the health care service provider or health establishment in order to secure the health care service benefits to which he or she is entitled.

The bill indicates that registration is not optional and that the above group of people must all must register as a user with the Fund at an accredited health care service provider or health establishment.

Children will be considered registered from birth.

The bill does not specify exactly what medical services will be covered, but does state that all users will ‘receive necessary quality health care services free at the point of care from an accredited health care provider or health establishment upon proof of registration with the NHI fund’.

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### **When will the NHI be introduced?**

While the bill does not appear to have a hard starting date for the introduction of the NHI, it does state that the system will be implemented in a multiphase approach.

The current timeline stated in the bill is as follows:

- **September 2019 – March 2021:** Initiate the establishment of the NHI Fund whilst simultaneously introducing a national quality improvement plan that helps facilities to be certified and accredited to provide health care services to be funded under National Health Insurance ('NHI'). During this phase health facilities that are certified and accredited will start to provide health care services for users of the fund;
- **May 2020 – March 2021:** The fund and its executive authority will bid for funds through the main budget as part of the budget process to expand coverage using certified and accredited public and private sector health facilities. This phase will

focus on fully establishing the purchaser-provider split and associated reforms, such as changing provider payment mechanisms and the implementation of the Fund's institutional arrangements

- **April 2021 – March 2022:** Shift some of the conditional grants such as the National Tertiary Services grant and the HIV/AIDS and TB grant from the Department of Health into the fund and continue with step 2.
  - **April 2022:** Shifting some or all of the funds currently in the provincial equitable share formula for personal health care services (currently the main public health funding stream to the fund to gradually extend these delivery and management reforms to all districts and public hospitals
  - The final phase will largely relate to expanding coverage in terms of being able to accommodate the maximum projected utilisation rates and gradually increasing the range of services to which there is a benefit entitlement. In a favourable economic environment, there will be an initiation of the **evaluation of new taxation options** for the fund including evaluating a surcharge.
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