

# The bizarre way government plans to fund the NHI –

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The new National Health Insurance (NHI) is extraordinary in how open-ended its fundraising plans are, says Patrick Bracher a director at law firm Norton Rose Fulbright.

Speaking at a panel discussion in Sandton on Wednesday (5 September), Bracher said that one of the proposed sources of funding under the new NHI Bill is ‘any fines imposed in terms of this act other than by a court of law’.

“This is an extraordinary thing because if you have the people who are short of money imposing the fines, they are going to look for people to fine,” he said.

“(They will) be able to raise more money by fining medical providers for breaching some clause, and that should never be the case. A judge should never get fines in his or her pockets either – that’s just one of the fundamental principle of democracy.”

In addition to these fines, Bracher said that the NHI will be funded through the scrapping of medical aid tax credits and a payroll tax.

If that isn’t enough, it also proposes a surcharge on personal income tax, he said.

“This is a completely open-ended equation and is unique in that all of these funds are being raised for one particular act.”

## Funding

Bracher said that the NHI Bill was also unusual in that most legislation has a page attached to the back which outlines the financial implications for the new law.

While there is a section in the act that talks about funding, Bracher said that this section effectively states that the bill is a ‘work in progress’ and has not been approved by the minister of finance.

“The minister of finance will then have to approve a money bill that includes all these sources of funding,” he said.

“The sad thing is that when you actually look at what’s going to be funded there are more than 10 different new structures”.

This includes:

- A board committee;
- A board technical committee;
- A benefit advisory committee;
- A healthcare benefit pricing committee;

- A stakeholder advisory committee
- An office for health products procurement; and
- An appeals tribunal

“While these new structures will all be funded as part of the new NHI, there will also be a serious cost in registering everyone in the country,” Bracher said.

“You need to register 45 million people and then you need to register every healthcare provider who wants to be accredited.

“The financial implications here are huge, so until we hear from the minister of finance we will not know where we are going.”

### **Unaffordable**

Discovery founder and group chief executive officer Adrian Gore told the Money Show on Wednesday (4 September), that South Africa simply cannot afford a system like the NHI to cover everyone.

“If you read the NHI Bill, it talks about the complementary role of medical schemes. That, at the moment, is a very vague statement and is going to have to be developed and debated over the next five, seven, 10 years. I think that debate is just starting.

“If you do the numbers, and you understand the levels of inequality and the levels of a lack of resources, we just don’t have enough money as a country to fund one system that covers everything.

“We have tried to be clear that, directionally, we are supportive of what government is trying to do in terms of the status quo not being sustainable – but at the same time, we have tried to put across clearly that the role of the private sector and medical schemes is fundamental as a ‘safety valve’; forget about our business interests,” Gore said.

Gore said that Discovery remains optimistic about adding value.