

NHI budget plans 'no longer affordable' - Treasury - Fin24 30 October 2019

Shrinking growth and a widening budget deficit is impacting the affordability of National Health Insurance (NHI), according to the Medium-Term Budget Policy Statement.

The policy statement was tabled in Parliament by Finance Minister Tito Mboweni on Wednesday. Although the minister did not speak in detail on the NHI Bill, which is now before Parliament for consideration, he said that Treasury and the Department of Health are engaged in ongoing discussions.

NHI is the government's plan to provide universal healthcare access to all South Africans. It is expected to be rolled out by 2026 and is [estimated to cost](#) R256bn.

The adjusted estimates of national expenditure document, which outlines the status of each government department in relation to the Medium-Term Budget Policy Statement, noted that the original NHI costs were projected to increase public health spending from 4% to 6% of GDP over 15 years.

"However, given the macroeconomic and fiscal outlook, the estimates to roll out NHI that were published in the NHI Green Paper in 2011 and White Paper in 2017 are no longer affordable," the policy statement read.

The Medium-Term Budget Policy Statement indicated that domestic growth had been revised down from 1.5%, as stated in the February 2019 budget, to 0.5%. Furthermore, the consolidated budget deficit is projected at 5.9% in the current year.

"The National Treasury assisted the Department of Health to develop an actuarial model with updated fiscal costs and limited policy reforms to strengthen the current healthcare system.

"The revised model estimates that rolling out NHI would require an additional R33bn annually from 2025/26. These amounts are not budget commitments but indicative cost estimates," the document read.

The health department has consistently been the second largest beneficiary of budget allocations, after basic education. According to the Medium-Term Budget Policy Statement, the average nominal growth in spending for health between 2020/21 and 2022/23 is expected to be 7%.