NHI plan will create another state monopoly, warns Wits professor – Moneyweb 25 November 2019

Concerns have been raised that the government's plan to set up a National Health Insurance (NHI) scheme will result in another state-run monopoly that will be susceptible to greater levels of corruption and mismanagement.

These fears have been voiced by Alex van den Heever, an adjunct professor at the University of the Witwatersrand (Wits) School of Governance, who was one of the speakers during a panel discussion on the NHI at the SA Vision 2030 Summit in Ekurhuleni last week.

Read: South African taxpayers will bear the brunt of the NHI

Van den Heever, who is chair of Social Security Systems Administration and Management Studies at the Wits school, is a vocal critic of the NHI and has more than 25 years of experience around public healthcare policy and advocacy.

"Tenders and the existing framework in government healthcare have also been affected by a system of patronage, which is already endemic in the current system," he said.

"A new government monopoly – in the form of the NHI – is not going to solve the problems in healthcare."

Watch: Professor Alex van den Heever shares his NHI concerns

"Besides the huge costs associated with the NHI, I believe the plan will create another state-run monopoly that is destined to fail and become racked by some of the corruption and state-capture issues the likes of Eskom, Transnet and other state-owned enterprises (SOEs) have faced in recent years," he added.

Read: NHI roll-out cost increased by additional R33bn a year
And: Health plan is affordable, won't add to debt – health minister

Van den Heever noted that the NHI plan includes the mass purchase of various healthcare drugs. "The state is already a major buyer of drugs. With the NHI, we will create a 'monopoly purchaser', which could open the system to grander scale corruption, like at Eskom."

He believes that while the SA healthcare system needs reforms, improvements can be achieved “incrementally over time” with more accountability and policy regulation, rather than through “one big monopolistic state-run national plan”.

“We need to get the basics right and the current health system working for ordinary South Africans,” he said.

“There needs to be reforms in the health department at national and provincial level as well as within the private healthcare sector, but we can’t have one big plan and wait for the NHI to sort things out.”

Responding to Van den Heever’s criticisms at the summit, Dr Nicholas Crisp, an advisor to the Department of Health on the NHI, said that a major overhaul of the whole healthcare system in SA is needed.

Read: The future of SA healthcare is uncertain

“Pharmaceuticals is just one area, but it is not the main reason for the NHI.… Some 45 million South Africans are not getting adequate healthcare and we are seeing more unhappiness with increased service delivery protests around the country. We hope to help turn the tide with the NHI,” he noted.

“Even for people who have medical aid, there are challenges.… You have to ask: are they happy to have medical aid increases of 11% this year? They are not even getting salary increases at that level, so are also facing higher healthcare costs,” he added.

Crisp conceded that there are “a lot of problems in the SA healthcare system” but said achieving equity is crucial for everyone to benefit from better healthcare. “We can’t go on as normal and need to have a plan to address the issues.… We need to start somewhere, and need to get more people to contribute constructively to the process.”

Neither Crisp nor Van den Heever went into the exact costs associated with the NHI plan, however various reports have put the potential bill at between R70 billion and R256 billion.

The SA government’s healthcare budget currently sits at more than R200 billion annually, but Finance Minister Tito Mboweni revealed in his Medium-Term Budget Policy Statement speech in October that the rollout of the NHI will require an additional R33 billion annually from 2025/26.