

OPINION: NHI leads to limited funding and denial of care

Johan Biermann: 20 November 2019

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“NHI systems are founded on the enduring but mistaken belief that single payer systems (taxpayer-funded and government-provided healthcare) offer more efficient, cheaper and cost-effective care than private health providers, and treat all citizens equally,” wrote Johan Bierman from the Free Market Foundation (20 November 2019). Yet no national health system has ever met these ideals, or even existed. All of them, including those of wealthy countries such as Britain and Canada, battle endlessly with escalating costs, limited funding, waiting lists and denial of care. Private healthcare providers do not face externally imposed budget limitations: if there are buyers for a health service and it is economically viable, the service will be provided. Single payer systems promise free healthcare at the point of service, but the care is not free, it is funded by taxes. Some falsely reassured patients may find that though they contribute to the government health fund, they may be deprived of care and medication if the treatments they need are not on the government’s approved list. Financing made available through the NHI Fund is limited to the amount of money the government can extract from taxpayers. To prevent budget blowouts, governments typically resort to imposing price controls, limiting access to prescription drugs and medical technologies, restricting the number of procedures that may be carried out, and the number of hospitals and beds. **Ultimately, politicians decide what healthcare you can or cannot get.**

Single payer health systems cannot deliver on their promises. Instead of a free healthcare utopia, the defining characteristic is millions of patients on lists waiting weeks, months or years for diagnostic procedures, surgery, or even just to see a specialist. **There is no universal access to healthcare under NHI, and no guarantee that care will be provided when needed.** Private healthcare providers do not face externally imposed budget limitations: if there are buyers for a health service and it is economically viable, the service will be provided. If the price is too high, there will be fewer buyers. Thus, consumers control prices and dictate the supply with no need for government intervention. **The promise of free health care for all is seductive, but the difference between promise and reality is immense.** When asked how satisfied they are with their country’s health system, patients who pay for healthcare are happier than those whose governments pay for the care. Patient satisfaction is highest in countries that offer the greatest extent of insurer and provider competition and patient choice, compared with those in single payer countries with limited competition.

The Euro Health Consumer Index 2018, published by the European Health Consumer Powerhouse, ranks 35 national European healthcare systems by measuring their “consumer friendliness”. The ranking is based on 48 indicators, covering five areas critical to health consumers: patients’ rights and information, accessibility of treatment (waiting times), medical outcomes, range and reach of health services, prevention and pharmaceuticals.

The index shows that countries with the highest consumer ratings (Switzerland, the Netherlands and Norway) are those with a multitude of insurance organisations, which are organisationally independent of healthcare providers. In these countries, citizens choose between different insurance providers, which, in turn do not discriminate between healthcare providers who may be private for-profit, non-profit or public.

Lower-ranked countries, such as the UK, and those at the bottom of the rankings (Poland, Hungary, Romania, Bulgaria and Albania) have centralised systems in which healthcare financing and provision are handled within one organisational system. In these the government, or a government-created agency, finances and provides healthcare, as is proposed for SA. That consumers give the highest

ratings to health systems that offer the greatest choice of insurance products and services is no surprise.

Economic development and human welfare achieved under government control and direction of economic activity always fall short of the level achieved under private ownership and production of goods and services.

The greater the role of the government in the funding and provision of healthcare, the more likely are waiting lists for medical procedures, denial of care to the elderly, and limitations on the availability of medical technology, as experienced in countries such as Canada and the UK.

Countries that allow competition and the private funding and delivery of healthcare experience fewer problems than those that do not. Doctors, hospitals, pharmaceutical companies and developers of high-technology medical equipment are not exempt from the laws of economics, and nor are governments.

There is no compelling reason governments should fund or provide healthcare. **Other than applying general laws against fraud and other misdemeanours to protect patients, governments should refrain from interfering with, and limiting and controlling private healthcare provision.**

But what happens to the poor, the unemployed and the indigent when there is no public health system? While the historical evidence shows that private philanthropy, charitable foundations and religious groups will take care of the poor, this will not happen overnight. **The solution is for the government to purchase care for the truly needy from competing private providers, while restructuring government tax policy to encourage provision of care to the poor and indigent by charities, or through**

charitable provision by private healthcare providers. The evidence that privately produced and provided goods and services are superior to those provided by the government is there for all to see. Healthcare is no exception. If not convinced, just imagine living with a “national food insurance” system in which the government is the sole buyer and payer for food, owns and operates all the restaurants and food stores in the country, and decides for you what you may eat.