

Slipshod NHI Bill is fatally flawed – Citizen 9 December 2019

By Anton van Dalsen • 9 December 2019

The Helen Suzman Foundation makes a case for the National Health Insurance Bill to be withdrawn.

The Helen Suzman Foundation (HSF) supports the underlying concept of universal health coverage. However, in its [submission](#) to the Portfolio Committee on Health on the National Health Insurance Bill (NHI and the bill), we make it clear that the bill cannot be considered to be the product of a rational process, as a result of grossly inadequate research, planning and analysis, concerning the operational, administrative and financial aspects of the NHI. In addition, the lack of detail does not enable the current public consultation process to be legally valid, as it is impossible to comment on far-reaching draft legislation on the basis of inadequate information.

It is commonly accepted that the government has been unable to manage the public health sector in an acceptable manner. This is shown by the [2016/17 Annual Inspection Report by the Office of Health Standards Compliance](#), which found that out of 851 public sector health establishments that were inspected, 62% were non-compliant with norms and standards for healthcare quality. At the same time, the government has failed to regulate the private health sector in an adequate manner, as was found by the [Health Market Inquiry](#) in its report of 30 September 2019.

Against this background, the government now proposes to establish an NHI which it will itself control and manage, and which is intended to serve as the single purchaser of healthcare services from both the public and private sectors. There is no explanation available as to how the NHI will ensure health services of acceptable quality. No feasibility study has been completed for this massive enterprise and there is no estimate as to what it will cost. The bill's intention is to fund it through tax revenues, but since we have no idea what it will cost, it is impossible to estimate the increase in tax that is required to fund it. The Department of Health does not seem to have taken any notice of National Treasury's opinion, as reflected in the [2019 medium-term budget policy statement of 30 October 2019](#), that given the macroeconomic and fiscal outlook, the estimates to roll out the NHI are no longer affordable. In effect, the content of the bill and the public comments by persons who are promoting the NHI, create the impression that the NHI is being invented as it goes along. As a consequence, the NHI project has led to a great deal of insecurity among the South African public in general, and in particular, professionals and employees in the healthcare sector (both public and private).

Another fundamental defect of the bill and its accompanying memorandum is that no justification is presented for the prohibition on private medical schemes from providing cover for those services that are provided by the NHI. It is illogical to expect patients to fund the NHI through increased taxes, but then at the same time to remove their freedom of choice if they want to continue to use private medical aid for their needs, to be funded from their personal after-tax income. A logical approach would be to allow private medical schemes to continue to operate. If, as envisaged by the government, the NHI offers quality services at no cost to the patient, demand for private medical schemes will rapidly decrease, until they become redundant. However, the government is not willing to give the patient the choice, which is difficult to understand.

As far as the membership of private medical aid schemes is concerned, it is interesting to note the results of the [Statistics SA 2018 General Household Survey](#), which found that there are 9,380,000 persons who benefit from private medical aid cover (of whom 48.65% are black, 9.15% coloured, 7.84% Indian/Asian and 34.38% white).

The government continues to underestimate the complexity and scale of establishing the NHI. There is no existing structure for it to build on and it therefore has to be created from scratch. We do not see how the government will be able to keep to its declared timeline of implementing it by 2026. An overly hasty attempt to get the NHI up and running, can only cause yet further damage to the country's health system.

No independent oversight is envisaged in the bill and all power is concentrated in the minister. Given the well-known consequences in South African state-owned entities of a lack of governance, little accountability and widespread financial mismanagement, this is not acceptable. The poor oversight by government of state-owned entities in general is confirmed beyond doubt by the most recent [Auditor-General's report on national and provincial audit](#) outcomes, which was made public on 20 November 2019. This report states that no state-owned enterprises managed to obtain a clean audit opinion, that the overall audit outcomes of these enterprises are the worst they have ever been and that:

“The root causes of the regression in the overall audit outcomes of SOEs were weak internal control environments, instability in appointed senior management positions, and a lack of implemented action plans to address previously reported audit findings.”

What, therefore, needs to be done, if universal health coverage is to be pursued?

- First of all, a properly functioning public health service has to be put in place. Here it is more the issues of management and accountability that have to be addressed, not financial ones;
- Second, a private-sector health service that is properly regulated by the government;
- Third, the private sector needs to be consulted in a substantive manner on the NHI, as a lack of cooperation and commitment by the private sector will effectively torpedo the implementation of the whole NHI structure. A new system can only succeed with the consent and support of healthcare service providers and it is naïve of government to imagine otherwise; and
- Fourth, clarity has to be obtained as to the cost of the NHI and confirmation from National Treasury that the project is affordable.

Once these goals have been achieved, the NHI can be reconsidered.

The overall effect of the way in which the NHI project is being driven by government should also not be underestimated: any attempt to deal with such a major project in a manner which lacks credibility, will inevitably have a detrimental effect on the perception of government's general ability to deal with a challenging economic and financial situation.

It is not the principle of universal health coverage which is the problem, but the manner in which the government is trying to implement it. As a result, further damage will be done to business confidence, which is a crucial element in investment decisions and ultimately, in driving economic growth and increasing employment. In the fourth quarter of 2019, the RMB/BER Business Confidence Index was at its lowest since 2009. **MC11**
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