

South Africa's 'shocking' new medical aid changes make way for the NHI – Business Tech 11 December 2019

consumers and no health insurance products will be allowed beyond March 2021, South Africans are another step closer to a nationalised healthcare sector.

This is the view of think tank the Free Market Foundation (FMF), which says that the proposals are 'shambolic' and do not reflect a well-considered, balanced view on how to increase access to quality healthcare for low-income consumers.

"The pronouncement shows a complete lack of understanding of how private health insurance products have the potential to reach many lower income individuals, in the process, providing increased access to quality healthcare and alleviating the burden on the already over-stretched public healthcare sector," it said.

"The latest pronouncement can best be described as a continuation of the slow and steady poisoning of the private healthcare sector in South Africa and the governments dogged determination to dismantle the private healthcare system in preparation for its flawed and ideological desire to introduce its centrally controlled and administered National Health Insurance (NHI) scheme.:

The FMF said that government officials and their aides seem incapable or unwilling to appreciate the role of the private health insurance market in financing healthcare.

"To increase access to quality healthcare for all South Africans, government must allow those who can afford to pay for their own health insurance to do so.

"It must also take steps to remove the regulatory barriers that prevent citizens from accessing private health insurance and medical scheme products. The government must not deny people the right to take care of their own healthcare needs."

New Changes

The Council for Medical Schemes (CMS) published a new circular **on 4 December** in which it prohibits South African medical aids from offering Low-Cost Benefit Options (LCBO) to low-income market segments.

This decision is to align such products 'with the broader health policy discussion that seeks to ensure adequate access to care, irrespective of the economic status of the population', the regulator said.

"The concept of a Low-Cost Benefit Option intended to increase the affordability of medical schemes and membership through the development of a product targeted to a specific group of the population, mainly low-income households," it said.

“These households cannot afford medical scheme premiums as coverage and benefit richness is generally correlated to income, therefore the higher the premium, the richer the benefits.”

BusinessDay reports that Treasury officials have been caught on the backfoot by the announcement which will take place with immediate effect.

It also potentially raises issues in that these low-cost products could leave hundreds of thousands of families without access to private healthcare.

Many of these services are subsidised by employers and cost substantially less than full medical-scheme cover.