

# Government should actively encourage private healthcare

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South Africa's proposed National Health Insurance (NHI) will crowd private insurance out of the market for routine medical care, leaving it to cater only for care that is not funded by the NHI. But doing so makes no sense at all, and ultimately will hurt the poor.

I recently watched the first season of Apple's television debut, *The Morning Show*. It's a great series, which follows the anchors and producers of a fictional television news programme, and it offers a thoughtful, nuanced take on media in the #MeToo era.

In the show, there's a sub-plot involving wildfires in California. While covering the disaster, one of the anchors discovers that wealthy homeowners have been hiring private firefighters to protect their homes. This, she believes, is a scandal that should be exposed.

She interviews a firefighter, and tries to guilt-trip him.

"And do you think it's fair that certain wealthy people can afford private firefighters to save their homes while others are forced to brave the elements?" she asks.

"There is no 'fair' here," the firefighter replies. "People are desperate to save their homes. You can't blame them for doing what they can."

The journalist persists, however, mounting an emotional assault: "On the way here, a whole neighbourhood very close by was burned to the ground. Small homes, there weren't nearly as many firefighters. People picking up the pieces of their lives. What do you think about that?"

"I wish everybody had extra money to hire extra help," says the firefighter. "We're just doing what we can here. This is America. Money matters."

The head of the fictional television network turns out to be among the wealthy few who hired private firefighters to save his estate, and he tries without success to pressure the news anchor to pull the story, bluntly hammering home the point that the rich should be ashamed of themselves.

Of course, one expects such polemic in a show made by a left-leaning television industry about a pretty woke media industry. They're strident about caring about ordinary people and despising the rich.

Their conception of "social justice" or "economic justice" means that everyone should not only have equal access to important services, but that nobody should enjoy a better quality service than anyone else. It's only fair, they'd argue. (By the way, if you need to put an adjective before a word like "justice", you're not talking about justice.)

This argument might be emotionally appealing, but it doesn't make any sense. Consider that people who are prepared to pay for private services such as firefighting are less dependent on government-provided or volunteer firefighting services.

That means that those services are stretched less far, and can focus more resources on those who are not able to pay for the service themselves. The fact that rich people are prepared to hire private firefighters actually benefits the poor who cannot afford to do so.

The same argument goes for any other service. In South Africa, the private security industry is more than twice as big as the government-run police service.

It is true, of course, that not everyone can afford the monthly instalments to pay for private security, in addition to the alarm systems that usually go with such a subscription. Those people will continue to be reliant on the police, and faith in the police is pretty low.

However, if the private security industry did not exist, the police might have to triple in size, with all the attendant drain that would place on the national fiscus. More likely, it would simply be stretched a lot thinner, meaning that those people who rely on the police as their first line of defence against crime would find fewer resources devoted to them.

South Africa's proposed NHI is another of those schemes that supposedly is about equality and fairness. Those advocating it bemoan the difference in quality between private and public healthcare. And they'd be right. People who cannot afford private health insurance, and are forced to throw themselves upon the mercy of the state, soon discover that the state's mercy is not exactly tender.

This appears to be a problem, but it actually isn't. National Health Insurance is a misnomer. It has very little to do with pooling risk. It is actually a scheme by which the government uses tax revenue to pay for all medical care for everyone, procuring it either from its own public facilities or from (what will be left of) the private sector at state-controlled prices.

It seeks to extend the provision of necessary medical care from only that part of the population that really needs it – largely the poor – to the entire population, including the rich. It is a perverse redistribution of government resources and taxpayer-generated wealth from the poor to the rich.

If the government is expected to provide free healthcare to everyone who asks for it, what could be better for it than that some people choose to opt-out and volunteer to pay for their own healthcare instead? What makes more sense than telling those who can afford it to go elsewhere to hurry up and do it, so they don't leech off the limited government resources that are desperately needed by the poor?

Advocates of the NHI argue that it would lead to a more equitable society. In particular, it would ensure that health outcomes and patterns of medical care use would be independent of a patient's socioeconomic status.

The problem is that it doesn't. In [three countries that provide similar services](#), France, the UK and Canada, rich people still use doctors twice as often, and still have better health outcomes, than poor people or immigrants. The wealthy make especially heavy use of specialists, radiologists, dentists and physical therapists compared to the working class, even though everyone is theoretically entitled to the same level and quality of care, at low cost or free of charge.

So the intended effect of an NHI on equity in healthcare is entirely speculative, and unlikely to be realised. All it will do is extend services that are now provided to the poor and lower-middle-class to the upper-middle class and the rich as well. Given South Africa's high tax burden and poor fiscal position, this seems like an extraordinarily boneheaded idea.

The wealthy are up in arms about the likelihood that they will see the quality of their medical care reduced to the lowest common denominator, and their fear is justified. It is the poor,

however, who really should be outraged, because the resources available to them will only get more tightly rationed, and the clinic queues can only get longer with an influx of larnneys who can perfectly well pay for their own medical care.

I'd argue economic justice demands that they do so, instead of leeching off state services that should be aimed at the poor. Leftwing ideas never achieve the economic justice they claim to be pursuing. They always end up hurting, rather than helping, the poor. **DM**