OPINION: Busting the NHI myth

Chris Hattingh | Financial Mail | 3 June 2021

NATIONAL Health Insurance (NHI) is being sold as a panacea for all of SA's healthcare problems, but don't be fooled. Nationalising the management of all healthcare and putting it in the hands of the state will not solve any of the structural and systemic problems that afflict the public and private health sector. During 2020, having to contend with a pandemic and more than a few irrational lockdown measures, South Africans learnt of extensive looting when it came to money ostensibly set aside for personal protective equipment.

And in recent weeks the headlines have been dominated by claims that the HEALTH MINISTER himself, Zweli Mkhize, and his family are implicated in a corrupt R150-million contract. There is no sane reason to assume that adding yet more government bureaucracy to the healthcare sector will somehow solve all these corruption issues.

And this corruption has a cost: the poor, particularly, are hit hardest when they're forced to rely on inconsistent state services.

If the government pursues its plan to create a huge new avenue for state contracts, favours, and control through the NHI, we would be naive to assume the pattern would change.

The experience of other state enterprises, like SAA and Denel, inspires no confidence.

Research by Michael Settas of the Free Market Foundation's health policy unit shows that over the past two decades real public sector health expenditure has grown substantially. His research says that in terms of under-five mortality, SA performs poorly, with the third-worst under five mortality in [a peer comparison], despite it having higher than average expenditure. SA also performs poorly in infant and maternal mortality rates compared with the average rates of other upper middle-income countries. The fact is, SA now spends a relatively large amount on public healthcare, but that has not improved the outcome at all. So, it is clear that hugely hiking spending through the NHI will not solve the skills and administrative problems in the public sector. Ignoring the problems in the public sector and instead focusing on the private sector also isn't the correct policy choice, as it disregards the recommendations of the Health Market Inquiry. This shows that the government doesn't want to do the hard yards of reforming the public sector; it wants a quick and easy fix.

Then there is the issue of where the money would come from. Right now, it wouldn't be fiscally prudent or even responsible to create what would be SA's biggest state owned enterprise. With a debt-to-GDP ratio heading towards 100 percent and a credit rating in junk, a cash poo state must proceed extremely carefully in figuring out where to get the money to fund the NHI. The NHI would radically disrupt SA's healthcare landscape. And it is true that the country needs a radical ideological and policy shift to dent the 42 percent-plus unemployment rate, anaemic growth of 1.5 percent–2.5. percent, and vast inequality.

But the NHI is precisely the kind of reform SA should avoid; it will only make the waste worse by subjecting a crucial part of the economy to more centralisation and bureaucracy. Couched in the rhetoric of social solidarity, grand state plans such as an NHI that require increased state control should be treated with deep scepticism. Were it to be implemented and fail, well-off South Africans could always get their healthcare needs taken care of overseas, but the poor will be stuck with the NHI forever. A more practical, and moral, path forward, would be to remove the factors inhibiting medical innovation, imports and medical aid flexibility. We need to make it easier for all citizens to spend their money where they believe they can receive the best care - not discourage them from doing so.

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