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The truth about SA medical aids

OPINION

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In a move aimed at transforming the South African healthcare landscape, President Cyril Ramaphosa signed the National Health Insurance (NHI) Bill into law. This decision promises to move the country towards Universal Health Coverage (UHC) for all citizens, regardless of socioeconomic status.

While the goal of UHC is commendable, the rhetoric leading up to the NHI Act's announcement created misconceptions about the role of medical schemes, with many believing that they should cancel their memberships immediately to enjoy free health services for the foreseeable future. However, the implementation of NHI will take several years.

The NHI Act introduces a single-payer system. Central to the idea is that healthcare is a public good, suggesting all healthcare funding should exclude medical schemes, and should be government-funded. However, healthcare is more accurately described as a social good. A public good, like military services, is one that the government must provide and from which no one can be excluded, regardless of payment. While healthcare is essential, it is not feasible to provide it as a public good.

The Board of Healthcare Funders (BHF), concerned about the misconceptions propagated by government representatives since 2009, commissioned Professor Alex van den Heever, chair of Social Security Systems Administration and Management Studies at Wits Health Consortium, to investigate these claims. Despite their hyperbolic nature and lack of systematic research, these claims have significant weight due to their endorsement by influential individuals. Van den Heever's report identifies frequently repeated assertions that he concluded are untrue.

KEY FINDINGS FROM THE REPORT

Medical schemes are unsustainable — false

In 2009, claims suggested that many medical schemes were headed for collapse due to unsustainable financing models, with 18 schemes reportedly nearing insolvency.

Van den Heever's report refutes this, showing stability in medical schemes from 2005 to 2022. The number of beneficiaries increased by over 1 million from 2009 to 2022, with consolidated reserves of R114 billion in 2022, far exceeding the required 25% reserve ratio. Broker costs have not been a systemic concern, and total non-health costs per average beneficiary per month for all medical schemes decreased by 34,7% in real terms from 2005 to 2020.

Health services are a public good — false

In 2011, Health Minister Aaron Motsoaledi claimed that private healthcare is a "brutal system" due to commercialisation. However, Van den Heever clarified that healthcare is not a public good in the economic sense as it does not meet the criteria of being jointly consumed without exclusion. Healthcare is a crucial service but providing it as a public good is not feasible.

Most medical scheme beneficiaries are white — false

Last year, Professor Olive Shisana, an honorary professor at the University of Cape Town and special adviser to Ramaphosa, stated that the private sector predominantly serves the privileged white population.

However, Statistics SA's 2021 research shows that of all those using private healthcare, 50,2% are black African, 32,3% are white, 9,8% are coloured, and 7,6% are Indian/Asian.

A BALANCED PERSPECTIVE

While the BHF supports healthcare reform, it raises concerns about the NHI Act's constitutionality and calls for a factual review of claims about medical schemes.

It is crucial to present both sides of the debate to understand fully the implications Addressing how the NHI will affect people would provide a more comprehensive view. Medical schemes are a valuable national asset that play a crucial role in ensuring the viability of SA's healthcare ecosystem. BHF advocates for a balanced approach to healthcare reform that considers the public and private sectors' strengths and weaknesses.

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