Board of Healthcare Funders of Southern Africa
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Minister Aaron Motsoaledi releases White Paper on National Health Insurance

11 December 2015 – The introduction of National Health Insurance (NHI) in South Africa will look to expand current pooled healthcare funds, entailing a massive reorganisation of healthcare platforms in both the public sector and the private sector, with a view to addressing the former's quality issues and the latter's cost issues.

Speaking at the official launch of the White Paper on NHI in Pretoria, health minister Dr Aaron Motsoaledi described the envisaged process as one of 'innovative disruption', entailing significant and irreversible changes to laws and policies, and 'the way things are done'." He underscored that it is a complex process and not something that will happen suddenly – 'an ultra-marathon as opposed to a sprint'. NHI will be implemented over a period of 14 years, divided into three phases of five, five and four years.

South Africa, along with the USA, is currently out of step with most of the rest of the world. "The global trend is currently towards mandatory prepayment in the form of some kind of universal health coverage/NHI. Yet in South Africa, as in the USA, a disproportionate share of healthcare funding is derived from voluntary pre-payment in the form of medical scheme contributions. The world average percentage of private health insurance as a share of total health expenditure is 4.1%, whereas in South Africa the figure is 42.2%," he said. In addition to its being inequitable, this scenario is not associated with good outcomes as it is very hospital-centric with a strong curative, rather than preventive focus, is associated with fragmentation of services and uncontrolled consumerism. Dr Motsoaledi was adamant that the latter should not be a determining factor in who has access to care and the quality of care they receive.

But he underscored nonetheless that medical schemes will continue to exist and have a role to play under NHI, not least because of the existing expertise within the industry and the value it can bring to NHI. The exact details have yet to be finalised, but the future of medical schemes is one of six key areas that will be the focus of upcoming workstreams. The others are: establishment of the NHI fund; design of benefits; preparation for a purchaser/provider split; completion of NHI policy and development of legislation; and preparation of the district health system. These expert committees will develop the practical strategies and structures for the implementation of NHI. Board of Healthcare Funders' CEO, Dr Humphrey Zokufa, will be a member of the committee charting the way forward for the industry.

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Currently, the White Paper stipulates that under NHI Medical Schemes will only offer complementary or top-up cover for services not included in the NHI benefits package. This will entail changes to the Medical Schemes Act along with a complete overhaul of the current prescribed minimum benefits, taking into account burden of disease and changing population demographics, with a view to ensuring the greatest possible access to healthcare services by all South Africans within available resources.

The last mentioned is a key concern for government. “Schemes currently only provide for a select, elite few. Approximately 80% of the country’s specialists work in the private sector, caring for just 16% of the population, and this inequity needs addressing. Access to quality health care needs to be based on health needs, irrespective of an individual’s socio-economic status.” The work of many earlier historical documents on funding reform and how to achieve universal healthcare therefore informed the drafting of the White Paper. The purposes of NHI are to meet population health needs, remove financial barriers to access, reduce the incidence of catastrophic healthcare expenditure, facilitate the attainment of nationally and internationally agreed health goals and ultimately contribute to better quality of life, poverty alleviation and human development.

Addressing the question of how much NHI would cost, Dr Motsoaledi pointed out that that has yet to be determined. He cited the United Nations Sustainable Development Goals which maintain that NHI is not solely the prerogative of wealthy countries; it just needs to be done within each country’s own capacity. “‘What will NHI cost?’ is therefore the wrong question – or, at best, an incomplete question. What NHI will cost will ultimately be determined by how it is designed and implemented. It is therefore in our hands to design an NHI that is affordable for South Africa and which still provides quality healthcare.” Several methods/possibilities have been identified based on tax reforms currently envisaged.

Attention will also be paid to addressing issues of waste. He noted that there is actually a lot of money within South Africa’s healthcare system, but much of it is inefficiently or inappropriately spent. A key strategy to minimise this under NHI will be an emphasis on primary care, with a patient’s first point of contact with the system being either a primary clinic or a GP. “Self-referral to tertiary facilities or super-specialists will become a thing of the past,” he concluded.

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