

# Will you have a medical aid under NHI?

By [LAURA LOPEZ GONZALEZ](#)

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The days of private medical aid schemes may be numbered as the government this week confirmed that it will become the single funder and buyer of medical services under a National Health Insurance (NHI) in the [latest white paper](#) approved by the Cabinet.



Photo: *Health News NG*

Health Minister Aaron Motsoaledi released the NHI white paper in Pretoria on Thursday. The document sketches out the details of the future NHI Fund through which it will pay for medical services — whether in public or private facilities — for all South Africans.

The fund, which will report to Parliament and be governed by an independent board, will be financed by mandatory contributions.

Whether NHI-specific taxes will be introduced will be decided by the treasury. Yet, Motsoaledi said he was confident that Finance Minister Malusi Gigaba would remain true to former minister Pravin Gordhan's word when he committed to ending tax credits for private medical aid members and diverting that money to the NHI.

Medical aid members, including state employees, received R20-billion in tax credits in 2015 alone. Motsoaledi argues that high medical aid subsidies for state employees means that about 85% of healthcare costs for a member of the Government

Employees Medical Scheme are paid for by the state.

“Part of the source of that NHI Fund has to come from the tax credits, meaning what? You are taking money that is being sent to people who are already rich to help those who are poor, and that is called social solidarity,” maintains Motsoaledi.

The Democratic Alliance has also supported the axing of tax benefits for medical aid members in its NHI alternative, called [Our Health Plan](#).

Motsoaledi adds that the NHI or universal health coverage is the only way to redistribute the country’s heavily skewed resources.

“One private clinic, [Johannes-burg’s] Netcare Park Lane Hospital, has 64 gynaecologists — that is more than the total in [government hospitals in] the North West, Limpopo and Mpumalanga added together,” he said.

“About 80% of doctors in this country serve only 16% of the population, [and] the remaining 20% of doctors must serve the rest — how can you expect not to have long queues [in the public sector]? The NHI must make [these doctors] available to the rest of the population and then there will no longer be long queues.”

Under the NHI, the government will be able to buy services from accredited private health facilities for even the poorest South Africans, at set rates. These rates will be determined by the fund in consultation with the health minister.

So even though medical aid schemes are likely to remain until the NHI is more established, their fate may be set in stone.

He explains: “Medical aids will have to give way because we want one similar system for everybody. We want one united pool of funds for everybody, and this will also make healthcare very cheap. If you have lots of health schemes all over the place, you are not able to control prices because you can’t use economies of scale.

“In the beginning, we will work with medical aids, but maybe 10 years from now, they will all have to be gone.”

Health department director general Precious Matsoso says she is already working with some medical aids to streamline the products they offer to help them to move members slowly on to one standard package of services that will mirror NHI offerings.

Meanwhile, about 1,000 private health facilities are already working with Matsoso to prepare to begin taking public patients.

But the private health sector isn’t the only one in for a shake-up. The NHI will take some power away from provinces, at least 10 Acts will have to be amended to make way for the coming healthcare revolution. Legislative changes will, for instance, put control of the country’s large teaching hospitals back in the minister’s hands.

The centralisation of some health functions may also translate into less money for provincial coffers as functions such as drug procurement are taken out of provinces’ hands — a move that some health activists may welcome, after years of protests over [weak provincial health management](#).

Motsoaledi explains: “How many South Africans are happy with their cover and how many are not happy with any cover because they have nothing? People must appreciate that we want to be a nation where equality, social justice and social solidarity are the order of the day.”

**Source:** Bhekisisa Centre for Health Journalism