

NHI: Where has the money gone?

An additional R4.2bn has been allocated to National Health Insurance (NHI) over the medium term in the latest budget. The question is what has been done with the money that has already been allocated to the plan and how will the new funds will be used?



Cathie Webb, South Africa Payroll Association executive

“The NHI isn’t operational and the government still has a way to go before it will come into effect. As the NHI seems still to be in a conceptual and planning phase, it’s time to question what infrastructure is being implemented – even if this infrastructure is only in administrative terms – to bring the programme to life,” says Cathie Webb, an executive at the South Africa Payroll Association,

The NHI funding gap

An additional R700m has been set aside for the NHI for the 2018/19 period, R1.4bn for the 2019/20 period and R2.1bn for the 2020/21 period – all to be funded through amendments to the medical tax subsidy. These funds, however, are far from what the NHI will cost.

A White Paper by economics consultancy Econex estimates that the cost of healthcare under the NHI by 2025 will be R256bn, which is almost as large as the estimated revenue collected from South Africans in the 2015/16 fiscal year. The White Paper also estimates that the NHI expenditure in the 2020/2021 will be R185-bn.



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“The cost projections of the NHI leaves massive funding gaps, making it hard to envision how the plan will be rolled out and how government will be able to pay for a national health care initiative. Even if the money somehow materialised, how exactly the NHI is going to work remains vague. Adding money to a system that isn’t working now won’t solve the problem,” says Webb.

Are our hospitals adequate?

Many existing public hospitals are understaffed and there is an underinvestment in key medical infrastructure and equipment. With the goal of making a package of essential healthcare free to all citizens, the Department of Health will not only have financial concerns, but also operational concerns about how they are going to provide healthcare to the masses.

“The NHI has very high, noble ideals, namely that everyone should have access to quality healthcare and that this care should be free, equitable and efficient. If the current general hospitals can’t meet these needs now, what will happen when millions of people are added to the mix?” asks Webb.

National healthcare schemes where essential healthcare is free to citizens isn’t uncommon, but it’s not necessarily working in other parts of the world. In Britain, for example, government is currently looking at alternatives to their universal healthcare plan, is riddled with challenges including hours-long waits in the emergency unit, patients being treated in corridors during intense flu season and cancelled elective surgeries.

“Perhaps a starting point to ensuring that citizens have access to medical care would be to insist that every business ensure that their employees are covered by a medical aid. A country’s ability to supply care is rarely able to meet the demand of its citizens. In South Africa, where the population is growing faster than we can fund and where approximately two-thirds of the country’s revenue is already being allocated to social security matters, we need to question whether this is the right option for South Africa and be realistic about the funding that it will require,” concludes Webb.

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