Demarcation regulations: In whose best interests?

Are the demarcation regulations a means for the department of health to erode the private healthcare system in preparation for NHI, or is opposition to its implementation merely an attempt by insurance companies to protect their bottom line?

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The Free Market Foundation (FMF) supports the theory of the former, using the argument that come 1 April, when the regulations kick in, 2m poor people will lose the only healthcare cover they can afford, namely primary healthcare insurance products.

"The final demarcation regulations show a blatant disregard for ordinary people's right to access healthcare and are based on the unsubstantiated claim that health insurance products are harmful to the medical schemes industry," it says in a statement.

Drawing a line in the sand between medical insurance products and medical schemes the regulations come into force on 1 April 2017 and eliminate existing policies from 1 January 2018.

Limited gap cover and hospital cash plans will still be allowed, but primary healthcare insurance policies will no longer be available.

Destroying the private healthcare sector

"Drip by toxic drip the government is destroying the private healthcare sector to prepare the ground for the full introduction of NHI. With the demarcation regulations, the government is making a concerted effort to attack the medical insurance sector by marginalising the funding vehicles as a means of removing lower income earners' access to insurance. These products were created specifically to provide a means for poorer people to access private medical cover after the introduction of the Medical Schemes Act in 1998," says Jasson Urbach, FMF director.

The demarcation regulations are government interference in mutually agreed private contracts between freely consenting adults and insurers to minimise their risks of huge medical bills when catastrophe strikes, the FMF says.

“Despite clear evidence that SA cannot afford NHI and that government infrastructure, medical practitioners and the ability to effectively manage NHI are badly lacking, Health minister, Aaron Motsoaledi is pressing ahead in the face of industry opposition.

“Treasury is struggled to raise an additional R28bn in this year’s budget so the estimated price tag for the NHI of R200bn is pure fantasy. Yet the private sector continues to be marginalised.”

Two-year exemption

The department of health has requested that the Council for Medical Schemes (CMS) grant a limited two-year exemption period for primary healthcare providers who submit themselves to regulation under the Medical Schemes Act before existing primary healthcare insurance policies are banned so that the department can conduct further research into the development of low-cost medical scheme benefit options (LCBOs). However this is a 10-year old discussion and further delays are expected, the statement explains.

Michael Settas of KaeloXelus, a healthcare insurance provider, posed questions for the architects of NHI including why is the right to primary healthcare being abolished and why is NHI being driven through without waiting for the outcomes of the Competition Commission’s Healthcare enquiry?

“Not only does NHI face formidable challenges in funding, there is a severe shortage of healthcare providers, a massive disease burden and a blundering bureaucracy”, says Settas and that by extrapolating existing conditions, under NHI, you will have to wait to see a dentist once every 16 years.

Government should not attempt to provide free cover for all citizens but should focus on those who cannot afford medical insurance and leave those who can to the private sector, the statement concludes.