

How to implement the NHI in South Africa



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After being completely omitted from South Africa's State of the Nation Address (SONA) earlier this year, National Health Insurance (NHI) received a mere mention in President Cyril Ramaphosa's reply following the SONA debate, with the President affirming the government's commitment to the principle of universal healthcare. One of the key topics that specifically needs to be addressed is how much NHI will cost to implement, and what government sees as the next steps in this process.

NHI – addressing multiple challenges

COVID showed the need for an equitable and accessible healthcare system for all. However, how that is to be achieved and at what cost remains contested. Government now faces the challenge of recalibrating healthcare spending away from COVID to respond to challenges that existed before the pandemic, such as HIV/AIDS, tuberculosis, teenage pregnancy, the high incidence of lifestyle diseases, and trauma from road accidents and violent crime. At the same time, the South African healthcare system must prepare for future pandemics, starting with testing capacity, facilities for isolating patients, and vaccine manufacturing capabilities, should vaccines be deemed a necessary response.

Government has some work to do to convince stakeholders that NHI, as currently contemplated, is the best way to achieve this.

The role of the private sector

A critical issue that governments need to clarify is the role of the private sector in the NHI value chain. Current indications are that government will compel the private sector to participate through legislation, and exclude it from other parts of the system. For example, government contemplates a centralised, single-payer model run by the state. South Africa's experience with loadshedding creates a spectre of a system collapsing and patients being unable to access health services for extended periods.

As the pandemic showed, private health laboratories carried out a significant portion of COVID testing, and the private sector assisted with the vaccine rollout even to individuals who were not members of medical aid schemes. In its *Global Government Trends 2022* report, Deloitte found that there is a worldwide move towards partnerships to strengthen public health systems. These are partnerships between government, the private sector, the non-governmental organisations (NGO) sector, and communities. Government has to harness the power of these partnerships for NHI to work, with each role player's mandate clearly spelt out.

The first issue government faces with NHI is that the platform on which it is supposed to be built – the public health system – is currently fragmented, unstable, and beset with operational challenges. There is no clear indication of what percentage of public health facilities currently

meet the envisaged standards for the NHI.

Levelling the (provincial) playing field

Another factor to consider is that health is a provincial competency. Provinces are responsible for health infrastructure and, while national government carries the cost of hiring personnel, this means that the NHI will be built on a very uneven landscape, with some provinces chronically under-resourced. Others, most notably Gauteng, have relatively more resources, even if the province buckles under the strain of inward migration. The National Budget must show how equitable share adjustment and the Intergovernmental Fiscal Relations Act can be used to address these imbalances.

Then there is the matter of cost and how the system will be funded. The National Treasury has given no recent estimates of how much the system will require and how this will be raised. Measures such as accessing medical aid rebates are only part of funding and will not be adequate on their own. The upcoming period of processing the legislation and public consultation must be used to debate the configuration, design, and funding of NHI more thoroughly.

Government won a court battle to proceed to spend R30 million to hire specialists linked to NHI, even before the legislation has been passed. Government seems determined to wade its way through litigation to implement NHI. It would be better to meet stakeholders and address their concerns, and only use courts as last resort. Implementation through courts is bound to fail.

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