

National Health Insurance

Why It Won't Work and
Alternatives That Will

Chris Hattingh
29 June 2021



SA's current state of play

- State does not have sufficient technical expertise – and is running out of funding. The inefficiencies – and tragedies – associated with the public sector are becoming all too common.
- Eskom's debt – not to mention that of the other SOEs
- Won't solve increasing health misspend – for this refer to the latest report from the Auditor General

Over-involvement of state leads to less desirable outcomes

- No objective reason to believe that NHI will perform better than other SOEs
- Great room for improvement in public sector – and pvt sector – but no reason to presume that nationalising the management of all healthcare in the hands of state bureaucracy will solve problems. This is, in effect, what the NHI would require.

FMF alternatives & alleviating measures; The power in the hands of the citizen - 1

- Financing health care for the poor – preferably via state-sponsored vouchers, which the indigent can spend where they choose**
- Encouraging more private hospitals by deregulating the industry and eliminating Certificates of Need**
- Reducing prices and increasing healthcare quality through increased competition**

FMF alternatives & alleviating measures; The power in the hands of the citizen - 2

- Allowing the private sector to train doctors and nurses**
- Encouraging income-producing medical tourism**
- Retaining skilled South Africans and attracting others by removing the limit on skilled foreign doctors**
- Deregulating medical schemes so they can offer their clients exactly what they want**
- Deregulating pharmacies**

FMF alternatives & alleviating measures; The power in the hands of the citizen - 3

- Removing price controls, which send mixed messages to the industry
- Speeding up registration of clinical trials
- Giving those who pay for their own healthcare a tax deduction
- Strengthening IP rights, that encourage innovation, better products & ultimately cost savings
- Allowing low-cost insurance options

Corruption concerns

- Not solely directed at the current govt – no Minister or Govt should have the level of power that the NHI will grant
- EC and Gauteng healthcare in various states of disarray due to years of corrupt behaviour – Also points to problems of increased centralisation
- SIU investigations into PPE misspend – not even a global pandemic prevented looting behaviour

Corruption concerns - 2

- Human nature and incentives
- If we continue to mix the state with the economy, we increase the chances for unscrupulous actors in both govt and pvt sector to try and corrupt processes and set up things to their benefit

Not the kind of structural reform SA needs

- SA should not pursue policies & plans that could add to the growing debt-to-GDP ratio – placing burden on future generations
- NHI will not alleviate the problems in the public healthcare sector – nor in the private sector
- Will not solve current corruption-associated hurdles
- SA needs policies that unlock & encourage economic activity, job creation and progress
- We need dynamism – not stagnation
- The NHI is not the appropriate vehicle for SA to attain better universal health coverage