

NEHAWU PARLIAMENT PRESENTATION 2022



NATIONAL HEALTH INSURANCE
(NHI)

The National Health Insurance (NHI)



The National Education, Health, Allied Workers Union (NEHAWU) supports the National Health Insurance (NHI) Bill including its immediate implementation.

The NHI is one of the policies that seek to redress historical injustices and build social cohesion rather than perpetuating rationalized inequalities of the past.

Limited access to quality health care services is one of many factors that reproduces the dehumanisation of a majority of South Africans.

The NHI will steer South Africa towards realising Universal Health Coverage (UHC). According to the World Health Organisation (WHO), a UHC allows for people to access health care services without incurring any financial hardship/burden. Access to quality health care services should not be exclusively for those who can pay for it. Similarly healthcare services should be universal as opposed to being commodified.

Through redistribution of resources, the NHI fosters a new policy direction that will address the inequalities in our healthcare sector where:

- **Public health care sector:** spends **4.2%** of GDP on health but only provides care to **84%** of the population
- **The private health care sector:** spends **4.5%** of GDP on health but only provides care to **16%** of the population.

The private health sector spends more on health, while catering for a small fraction of the population, which is predominantly people with medical insurance.

The commodification of healthcare should be condemned with the contempt it deserves as it starkly contradicts the Constitution of the Republic of South Africa:

- Our constitution Section 27 provides that everyone has the right to have access to health care services, including reproductive health care services and no one may be refused emergency medical treatment.

An individual's socio-economic status should not influence the quality and type of service that they receive. Everyone is entitled to the right of life irrespective of their financial status/conditions.



South Africa has high levels of unemployment, poverty and income inequality. Such a country cannot restrict access to quality healthcare to only a few that can afford it.

The small group of people that have medical insurance are also subjected to financial hardships owing to the high cost of private healthcare. This is due to the monopolisation of the industry by corporations driven by the motive of profit maximisation.

A majority of South Africans on the other end, use public healthcare which is under-resourced, from shortages of personnel, inadequate infrastructure, shortage of medication, and all these factors impact negatively on delivering healthcare services effectively to those who need it.

The country needs a **massive reorganisation and reconfiguration of the current health system, both public and private**. As indicated in our Constitution the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of the right to access healthcare service.



Implementation of the NHI

NEHAWU supports the NHI with the following considerations:

1. Tax expenditure subsidy for medical aid scheme

Government subsidises medical aid schemes holders through tax benefits (tax rebates). High-income earners benefit the most from this arrangement since the more expensive the product, the greater the subsidy.

As part of funding for the NHI, government should completely end tax rebate to medical scheme holders. Furthermore, government should redirect tax rebates towards the NHI fund.



Per month	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
For the taxpayer who paid the medical scheme contributions	R230	R242	R257	R270	R286	R303	R310	R310	R319	R332
For the first dependant	R230	R242	R257	R270	R286	R303	R620	R620	R638	R664
For each additional dependant	R154	R162	R172	R181	R192	R204	R209	R209	R215	R224

Source:SARS

Medical insurance rebates have been increasing as indicated in the above graph, but there has been a decrease towards the health budget as a result of austerity measures imposed by government. This clearly demonstrate the unconstitutionality of the tax system protected by finance policies that promote the financial wellbeing of the affluent at the expense of distributing a universal public good to all citizens.

➤ In the 2021/22 budget review expenditure on health over the medium term was said to be 14.2 per cent of total government spending, declining from R247 billion in 2020/21 to R245 billion in 2023/24.

As things currently stand there is a shortage of healthcare workers and this was more evident amidst Covid-19. Austerity measures pose a threat to the public healthcare, the shortage in human resources is one of the factors contributing to public healthcare's inability to provide health services effectively and efficiently, which is critical for an attainment of quality healthcare.

The unequal social and economic stratification caused by the country's finance policies can be located to the inequalities experienced by essential healthcare workers.

The workers in question are often if not always subjected to precarious conditions ranging from receiving low incomes, government undermining of collective bargaining agreements and working under poor conditions which were aggravated by the Coronavirus pandemic.

Moreover, temporal healthcare workers that were employed to assist with combating Covid-19 potentially face unemployment provided that their contracts are not renewed and/or converted to permanent. This equally becomes an impediment to the effective implementation of the NHI.

Reactionary interests groups that are opposed to the NHI argue that its implementation will be a burden to the strained fiscus. This tactic aims to maintain Apartheid's structural inequalities, privileges and injustices that are still inherent in the healthcare system.

The same groups have failed to provide alternatives that would meet the fulfilment of the requirements of Section 27 of the Constitution.

Despite the commitment of government to the National Development Plan (NDP), which calls for UHC through the NHI and despite the NHI Bill being passed, the National Treasury has listed the NHI as a spending risks in terms of the medium term risk framework. Yet on a yearly bases the National Treasury is willing to forgo up to 60bn (57bn 2018) of tax subsidies for medical aid scheme members.

NEHAWU condemns this and since the National Treasury has made a decision to cut spending on health, we therefore calls for the end of the medical aid scheme tax rebate and earmark that money towards the implementation of the NHI.

We believe that an individual that decides to purchase a medical aid insurance makes that decision because they can afford it and so they shouldn't be provided with an incentive in a form of a tax rebate.

People in the townships/ rural areas with no medical aid schemes use out of pocket when visiting a Doctor, there is no incentive that is afforded to them instead they pay VAT. This is another clear picture of the inequalities that the underprivileged are subjected to.

2. Structural reorganisation

NEHAWU supports the structural reorganisation as envisaged in the Bill pertaining:

- The NHI fund that is publicly administered
- To the future role of the provinces
- Tertiary institutions being provided with autonomous powers
- The creation of the Contracting Unit for Primary Health Care (CUP)

The structural reorganisation and reconfiguration of any organ of government should not deviate from their philosophy of providing public good to society. With this said, a paradigm shift towards the corporatisation of health services by employing market fundamentalist principles will be at the detriment of realising the NHI's envisaged goals.

The structural changes should not in anyway distract negatively on the terms and conditions of employment of the workers. Workers must remain part of the public service and the organs of the state will remain within the state including the CUP.



The Private Sector

The private healthcare sector in South Africa is characterised by high and rising cost of healthcare and medical schemes. This has been proven in the report by the Competition Commission on Health Market Inquiry (HMI)

The World Health Organisation (WHO) during the HMI indicated that private healthcare prices in South Africa are on par with prices of countries with higher GDP levels, these include United Kingdom, Germany and France.

The Private healthcare market is dominated by oligopolies which are “the big 3” providers: NETCARE, MEDICLINC and LIFE. The oligopolies in question have created barriers to entry thus preventing competition in the market by using tactics such as price fixing and control.

The preceding perspective is supported by WHO’s assertion that South Africa spent 41.8% of total health expenditure on private, voluntary health insurance, more than any OECD country while only catering to 17% of the population. Only those with high incomes can afford private healthcare through medical insurance. The same medical insurance holders have to pay out-of-pocket for healthcare service in certain circumstances



According to the Council for Medical Schemes medical scheme members paid R3.2 billion out of their own pockets more for private health care in 2015 than in 2014 (R27.2 billion in 2015 compared to R24 billion in 2014).

This is a clear picture that private healthcare in South Africa is unaffordable and has turned healthcare services into a commodity enjoyed/accessed by only those who can afford it.

In addressing the cost problem the Bill indicates that the NHI Fund will be the only purchaser of healthcare services. This will exact power to the fund when negotiating and determining prices for medication and health services.

Discovery is against the single purchaser/payer model, because it will kill the fee-for-service (FFS) reimbursement method that is predominantly used in the private sector, where health services are charged separately. The FFS creates an incentives for health providers to over service the patients in order charge more.

For a country with the highest unemployment rate sitting at 34,9%, high levels of poverty and income inequality, it cannot afford to have high cost of healthcare, in actual fact it cannot afford to commodify its healthcare.

The NHI will provide the country with the health system that is for everyone and achieve the health goals embodies in the NDP which are to:

- Significantly reduce the burden of disease
- Ensure that “Raise the life expectancy of South Africans to at least 70 years
- The generation of under-20s is largely free of HIV
- Achieve an infant mortality rate of less than 20 deaths per thousand live births, including an under-5 mortality rate of less than 30 per thousand.

The private sector is an inextricable component of the health system and has an integral role to play in increasing access to health care services. Private sector events adversely affect the public sector and hence it is not possible to separate the two and solve their problems individually.

- The private sector employs medical practitioners, who were originally trained at the public expense. As a result, the public sector loses its investment in training health professionals. This is evidence with doctors from our public medical schools.
- GEMS medical scheme which is a medical scheme for public servants, is used by government employees to purchase the services in the private sector and they receive a subsidy from the state.
- For healthcare services that the private healthcare doesn't offer, they refer the patients to the public sector and the medical schemes do not pay for those services. When medical scheme holders exhausts their funds before year end, they use the services of the public health sector.

The public and private sectors are part of a single system, when there is an imbalance that favours the private sector, it necessarily has a negative impact on the public sector.



Conclusion

NEHAWU supports the implementation of the NHI as it seeks to transform historical injustices and structural inequalities caused by the former apartheid state

The current state of public health was transmitted from the past hence, we are duty bound to changing these conditions in a democratic society

In order to strive to improve quality of and equitable access to health care the NHI will have to also alter health staffing requirements. To achieve increased health seeking behaviour implies increased need for all cadres of healthcare workers, particularly specialists and general practitioners (GPs), who are underrepresented in the public sector.

If the South African health system is to overcome the challenges it is presently faced with, strengthened political support is needed so that financing can be restructured and the roles of both the public and private sector can be redefined.

