National Health Insurance

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Category: Healthcare
NHI white paper out soon, says Motsoaledi

Health Minister Aaron Motsoaledi warns National Health Insurance will go hand-in-hand with price regulation of private healthcare sector

Successful implementation of NHI would require a drastic improvement in the quality of public healthcare services and a drastic reduction in the price of private healthcare. “We need to firmly regulate the prices in private healthcare,” he said in his address to the National Assembly.

Dr Motsoaledi said his department was “eagerly awaiting” being called to give evidence to the Competition Commission, which is to begin a market inquiry into the private healthcare industry later this year. The investigation is likely to help the health authorities craft a strategy for controlling private healthcare sector prices, which are unregulated with the exception of medicine prices.

NHI would be phased in and would emphasise preventative rather than curative medicine, he said.

THE government’s white paper on National Health Insurance (NHI) will be out for public comment "very soon", Health Minister Aaron Motsoaledi said on Wednesday, warning that it would go hand-in-hand with price regulation of the private healthcare industry.

"It doesn’t matter what you call it ... every citizen has the right to access to good quality, affordable healthcare, and that access should not be determined by the socioeconomic condition of the individual," he said during his budget vote speech to Parliament.

Explaining why the white paper was still in the pipeline more than 18 months after the Green Paper was released in August 2011, he said: "We did indeed take a long time.... There were lots of inputs and developments that needed our very careful attention and consideration. We will be ready very soon. It will be released with a clear plan on how NHI is to be implemented."

15 May 2013 | Tamar Kahn
Health insurance plan, price regulation soon, says minister

White paper on National Health Insurance to go hand in hand with price regulation of private healthcare industry, says health minister

The white paper on National Health Insurance (NHI) will be out for public comment "very soon", Health Minister Aaron Motsoaledi said on Wednesday, warning it would go hand in hand with price regulation of the private healthcare industry.

"It doesn't matter what you call it … every citizen has the right to access … quality, affordable healthcare," he said during his budget vote speech to Parliament.

Successful implementation of the scheme would need a dramatic improvement in public healthcare services, and a "drastic" reduction in private healthcare fees. "We need to firmly regulate prices in private healthcare," he said.

Explaining why the white paper had taken more than 18 months after the green paper was released in 2011, he said: "We did indeed take a long time…. There were lots of inputs and developments that needed our very careful attention and consideration. It will be released with a clear plan on how NHI is to be implemented."

His comments come as the Competition Commission published the terms of reference for its market inquiry into the private healthcare sector, due to begin later this year. The probe is expected to explore the reasons for the steady rise in private healthcare prices in recent years.

It follows years of state concern over the affordability of private healthcare and the market dominance of groups such as Life Healthcare, Netcare and MediClinic.

The Department of Health hopes this will provide the evidence it needs to devise a strategy for controlling private healthcare prices, which, with the exception of medicines, are unregulated.

Dr Motsoaledi said his officials were "eagerly awaiting" being called to give evidence before the Competition Commission.

Dr Motsoaledi also took issue with the Democratic Alliance's characterisation of the health status of people living in the Western Cape, which its health spokeswoman Patricia Kopane claimed was better than the national average thanks to her party's stewardship.

"Life expectancy in the Western Cape is currently 61.6 years for men and 67.9 years for women, while the national average is 52.7 for men and 56.4 for women," she said.

Dr Motsoaledi described her choice of facts as highly selective, as the Western Cape's De Aar had the highest foetal alcohol syndrome rate in South Africa, while Worcester had South Africa's worst tuberculosis infection rate.

Meanwhile, the release of the draft terms of reference prompted immediate reaction from the health industry. Concerns included the omission in the probe of the effects of the public healthcare sector on rising healthcare costs.
Legal experts have called for a more holistic approach by the Competition Commission, saying leaving out crucial elements of healthcare brings too narrow a focus to the inquiry. The omitted areas include the effects of a shortage of doctors and specialists in South Africa on costs, the effects of chronic disease, an ageing population, emergency services, consumables and pharmaceuticals.

However, deputy commissioner Trudi Makhaya said on Wednesday this was the start of a consultation process and the commission would consider arguments for the inclusion of other elements.

The role of the public sector was always bound to come up during the inquiry. The commission has not included areas already subjected to regulatory scrutiny — such as the pharmaceutical industry.

“We had to prioritise and look at pressing problems in private healthcare that relate to providers and payers, given the resources available to the commission,” Ms Makhaya said.

Legal teams representing the role players also expressed concern at the wording of the terms of reference and the strong views that suggest some prejudgment.

The commission will make recommendations on appropriate policy and regulatory mechanisms that would support the goal of achieving accessible, affordable, innovative and quality private healthcare.

The commission would also make recommendations on whether price-setting mechanisms could be acceptable within the competition policy.

South Africa has about 97 registered medical schemes and the three largest administrators are Discovery Health, Metropolitan Health and Medscheme Holdings.

Ms Makhaya said the May 31 deadline for comment on the terms of reference might be revised.

However, Discovery Health CEO Jonathan Broomberg said they welcomed the inquiry and did not believe the commission had reached any substantive conclusions at this stage, hence the need for a detailed and lengthy inquiry to allow for a full and detailed understanding of all issues prior to reaching conclusions and making recommendations.

The commission highlights the fact that SA has 27,641 doctors (general practitioners and specialists). It is estimated that 10% of the expenditure in the private sector goes to general practitioners and dentists and 20% to specialists. According to the terms of reference, 36% of the total private healthcare expenditure goes to hospitals.

Daryl Dingley, a partner at law firm Webber Wentzel, expressed the hope that the probe would consider the financial health of medical schemes and administrators, claim ratios and reserves held by medical schemes, and the effect on expenditure due to greater utilisation of hospitals. He was concerned that there would be no focus on consumables and the effect of increases in nontariff expenditure.

16 May 2013 | Amanda Visser and Tamar Kahn
DA in Western Cape ‘proud of successful NHI pilot site’

Western Cape government warms up to National Health Insurance plan

THE Western Cape government is warming up to National Health Insurance (NHI), the African National Congress (ANC)-led national government’s plan to ensure that all South Africans have access to healthcare irrespective of their employment status.

The only Democratic Alliance (DA)-run province in the country launched the NHI pilot project in February in the Eden district on the Garden Route.

There are 10 NHI sites in the country that are "piloting" various models around the country.

The DA in the province said the plan was well on track, with more than 12,000 school children in the Eden district having already been screened by health workers.

While the party is proud of the achievements to date, health MEC Theuns Botha was adamant that its efforts do not indicate unqualified support for the "as yet not formally tabled policy document for NHI".

“There is no final model. The reason for the Western Cape participation is the belief that the province can contribute to the development of the best ultimate model," Mr Botha said.

There were a significant number of achievements, however, he said.

“The strengthening of public health services in the Eden district in preparation for national government’s proposed phased implementation of NHI is on track," Mr Botha said.

“All the above health services role players meet every three months to plan and implement integrated care," Mr Botha said. “In the past year, 152 schools were visited, with 12,147 pupils being screened.

The clinical services that the district provides are covered through community-based services, school health, nongovernmental organisation-run home care and intermediate care, primary healthcare through community health centres, six district hospitals and George Hospital.

The ANC’s multibillion-rand long-term healthcare plan is not expected to be in place until 2025.

09 May 2013 | John Harvey
Little mention was made of government’s progress in rolling out National Health Insurance (NHI) in Finance Minister Pravin Gordhan’s mid-term budget statement on Wednesday, leaving stakeholders wondering where funding for the scheme will come from.

“It is disappointing that no mention was made in the mid-term budget on the progress of NHI in the pilot districts or an update on the spending, as well as the release of the white paper. Most importantly, South Africans want to know when the districts will be expanded to include other districts,” comments Clayton Samsodien, MD of Genesis Employee Benefits.

In the 2013 Budget Speech, Gordhan eluded to a possible tax increase to fund NHI and said that reductions in grants to NHI have been made due to slow spending, which translates into slow progress.

“The National Planning Commission (NPC) alluded to the extension of the implementation of NHI from 14 to 25 years. Although the extension was welcomed, there was an expectation that the Minister would address the extension and obvious demands on the fiscus for the additional years it would take to implement NHI.”

Similarly, AJ Jansen van Nieuwenhuizen, tax partner at Grant Thornton Johannesburg, says,

“There were no indicators or updates on NHI, which was a big issue for a number of years; the project and further announcements seem to have fallen by the wayside. It appears as if the NHI has been overtaken by the National Development Plan (NDP) agenda. The Minister spoke about the need to increase funding for education, but nothing specifically relative to health as such.”

Van Nieuwenhuizen says that we need to start raising additional revenue by 2015, but there is still no indication as to when this is happening. He questions whether NHI is still a priority and the government serious about rolling it out, as well as how South Africa is going to pay for it.

Glancing over government expenditure reveals that just R76 332 was spent on ‘National Health Insurance, Health Planning and Systems Enablement’ between April and September this year.

That’s far less than half the allocated R488 865 for 2013/2014 expenditure.

Speaking ahead of Gordhan’s address, Investec chief economist Annabel Bishop told the Mail & Guardian that indications are that the biggest drain on government’s finances, in the absence of any major policy shifts, would be health and the NHI in particular.

“We [economists] will also be looking for more clarity on the NHI and the costs involved in implementing it, both to government and individuals [the latter being an indirect tax] … If there are no major policy changes, the main future drag on government finances will be the NHI expenditure, which will undoubtedly cost more than current estimates,” Bishop told M&G journalist, Sarah Evans.
Healthcare inflation rises

Samsodien notes that a positive move was the proposed average increase of 7.3 per cent on healthcare and social grants. "It's estimated that spending in these areas will grow to R328.4 billion by 2017 and R2.2 billion will be made available for administering life-saving drugs to people with HIV in the next 3 years," he says.

Inflation forecasts for 2013 were adjusted from 5.6 per cent to 5.9 per cent. The forecast for 2014 and 2015 were adjusted to 5.5 per cent and 5.4 per cent, respectively.

"We therefore project that private healthcare will continue to increase between the eight per cent and 10 per cent window into 2015. The Council for Medical Schemes recommends that medical schemes increase at CPIX plus three per cent, hence this is a good indicator for employer groups when conducting budget forecasts," Samsodien explains.

He adds that Treasury’s provision for gap cover and hospital cash plan insurance in the revised second draft Demarcation Regulations are a vital step from government to provide more affordable medical health plans into the private healthcare market. "One can assume that the future provision of healthcare will be made up of NHI, private medical schemes and medical insurance policies."

Samsodien concludes, "The employee benefits industry eagerly awaits additional information on the Twin Peaks legislation and the two new regulatory authorities, the retirement reform programme and the white paper on NHI."

October 25, 2013 Hanna Barry

http://www.risksa.com/mid-term-budget-mum-on-nhi/
Motsoaledi warns opportunists
NHI will not be ‘a pot of gold’

HEALTH Minister Aaron Motsoaledi said on Thursday that National Health Insurance (NHI) was not "a pot of gold", and urged caution over the role of business in what is meant to provide universal access across South Africa to healthcare.

The government is hoping NHI will help overcome inequities in access to health, but it has yet to clarify what form this will take, or how it will be paid for.

Eleven districts across each of South Africa’s nine provinces are piloting the introduction of NHI.

Dr Motsoaledi said when the white paper for NHI comes out, it will explicitly state that NHI is mainly for primary healthcare.

"Where we are losing the plot is when many believe NHI is a pot of gold, and each South African places himself strategically," he said at the University of the Witwatersrand’s faculty of health sciences in Parktown, Johannesburg.

"Who told people that NHI is business? The white paper, when it comes out, will clearly say in black and white, that the heartbeat of NHI is going to be primary healthcare."

Areas where the private sector could step in were in the provision of preventative products and measures such as condoms and vaccinations, Dr Motsoaledi said.

The minister came down hard on the Competition Commission, laying some of the blame for a history of escalating private healthcare prices in the country at the institution’s door. In 2003, the commission charged major players in the healthcare industry with collusion and price-fixing.

The decision has had the effect of escalating prices by allowing healthcare practitioners to individually price their services.

"Health is different, you don’t just apply the standards for bread... It is impossible for any patient to face a healthcare provider and negotiate a fee," he said.

He also criticised the commission for acting against companies in the food and construction sectors but failing to bring down its "heavy fist" on the private healthcare sector. "I am not a neutral arbiter. If I am given the power to set prices, I will set them at the level of affordability."

The commission is expected to begin a probe into the reasons for increases in private healthcare prices at the end of this year.