

# NATIONAL HEALTH INSURANCE

HEALTHCARE FOR ALL SOUTH AFRICANS

## UNDERSTANDING NATIONAL HEALTH INSURANCE



health

Department:  
Health  
REPUBLIC OF SOUTH AFRICA



*South Africa is facing numerous challenges when it comes to healthcare costs and services. The country spends huge amounts of money for health care on very few people. Many health care professionals only serve a few people who have money and the rest of the public is serviced by very few professionals.*

*Access to health is a right according to our Constitution. National Development Plan also indicates that the country should deal with expensive cost of private health care and also address the problems of quality of public health care.*

*The Government through the National Department of Health has realized that it is time for the country to move to universal health coverage where everyone receives the quality healthcare regardless of his or her economic status. This universal health coverage is called the National Health Insurance (NHI).*

*Government believes that if the country can feel and act in unity about football and rugby, surely we can do the same when it comes to matters of life and death, health, and illness. The National Health Insurance is a chance for South Africans to join hands in a way that really counts. Here is our chance to practice Ubuntu when it comes to our health, our relatives` health, our community, and country through NHI.*

## WHAT IS NHI?

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NHI is a health financing system that is designed to pool funds together to provide access to quality and affordable personal health services to all South Africans based on their health needs, irrespective of their socio-economic status. It is a fund that will pay for health care for all South Africans, there will be no fees charged at the health facility because the NHI fund will cover the costs of your care. It is exactly what medical aids schemes are doing but with two notable differences:

**Difference 1:** This health insurance will cover every South African, employed or unemployed, earning low income or high income.

**Difference 2:** The socio-economic status of members of the public will not influence the type of healthcare you receive but it will be influenced by the condition of your health. There will be no limited benefits because of the salary you earn or because you are unemployed.

National Health Insurance will be run as a non-profit public entity. It will strengthen the hand of the healthcare consumer and keep the cost of healthcare reasonable while ensuring that healthcare providers receive fair rate for their services. The National Health Insurance Fund will pay public and private healthcare providers on exactly the same basis – and expect the same standard of care from both.

The fund is a chance for South Africans to join hands in a way that really counts, contribute for their wellbeing, their relatives wellbeing, friends, community and fellow citizens. None of us would like a fellow human being to die, become disabled or live in pain just because he or she could not get decent healthcare. A healthy nation is a safe, productive and economically stable nation to live in.



## 10 REASONS WHY NHI IS GOOD FOR THE COUNTRY

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Our country believes that access to healthcare is a human right. This means every single one of us is entitled to receive healthcare. It should not depend on how rich we are or where we happen to live. The right to obtain healthcare is written into our Constitution.

1. Our government health budget keeps on increasing and our network of public hospitals and clinics have grown but still, there are communities in rural areas that cannot easily obtain care.
2. Many residents in our major cities rely on overcrowded public health facilities with very few health professionals and poor equipment.
3. The amount spent on the health care for each person with a medical aid scheme is five times the amount that is spent on each person who relies entirely on public health facilities.
4. The standard of health care gap between the rich and poor continues widening, which is against the equality policy the country is driving in other sectors.
5. While eight out of 10 patients use public clinics and hospitals the bulk of the country's doctors, dentists and specialists work in the private healthcare sector serving a small section of the population living the biggest population in public hospital is unattended.
6. The two-tier system of paying for healthcare has failed to guarantee good quality healthcare for all. Government pays for the health facilities that assist the poor and it also provide tax subsidies for medical scheme contributions used by the wealthier families, who use private doctors and hospitals. This system has locked out the poor who cannot afford a large number of health professionals and facilities in the private sector.

7. Every citizen deserves better value from our healthcare spending. Even for South Africans who earn a good income, healthcare has become a burden because private medical costs have skyrocketed in recent years. Working people are spending a large chunk of their salaries on medical aid and this often causes financial constraints in their household income.
8. NHI will reduce the cost of private healthcare. It will still provide a good income for health professionals and health institutions in the private sector, but will use a more cost-effective method of payment than that currently used by medical aid schemes.
9. The quality of care in public hospital is continuously deteriorating in the areas of staff attitudes, waiting times, cleanliness, drug stocks out, infection control and safety and security of staff and patients. This may also be largely attributed to the high burden of disease and increased patient loads without increased staff.
10. Increased out of pocket payments are draining the disposable income of many South Africans, patients are exposed to three forms of out of pocket payments namely:

- a) Every time a patient has to pay cash when they seek healthcare whether in the public or private sector;
- b) Additional payments (co-payments or levies) for those on medical scheme but whose benefits option does not cover all the costs; and
- c) Cash payment for those on medical schemes whose benefits are prematurely exhausted before the end of the year.



## **HOW WILL NHI RAISE FUNDS OR WHO WILL PAY FOR NHI?**

The NHI Fund will get a large amount from general taxes. Therefore, every person in South Africa will make a contribution to the fund because we will all pay some kind of tax. People with low income will not make any direct payment to the NHI Fund. Every person earning above a set amount will be required by law to contribute. Monthly contributions made by the employees to the fund, in almost all cases will be lower than medical aid tariffs and the direct NHI payment will be larger for higher-income earners. Employers will assist the NHI Fund by ensuring that their workers NHI contributions are collected and submitted, in a manner similar to UIF contributions. Employers will match their employees' contributions to NHI.



## ***HOW WILL NHI WORK WITH PRIVATE AND PUBLIC HOSPITALS***

NHI will provide finance for healthcare. It will not manage hospitals, clinic or the practices of GP's dentists, specialists and other health professionals. NHI will enter into contracts with private and public hospitals, as well as private health practitioners and public clinic, to provide services. A patient will be able to choose any NHI-contracted provider near to him or her for regular health needs. Public hospitals and clinics will be made to upgrade their facilities. Healthcare facilities will only be part of the NHI system if they meet certain standards of care and are accredited by an independent body called the Office of Health Standards Compliance (OHSC).



## ***THE STANDARDS HEALTH WILL BE IMPROVED AND MONITORED***

The National Health Act is being updated to provide for the setting up of the Office of Health Standards Compliance. The aim is to make sure you get good quality care from the healthcare providers the public uses. The OHSC will advise the Minister of Health and report to the Minister. It will guide and inspect health facilities and will only certify those that meet the required standards. An OHSC certificate at healthcare facility will be public guarantee that standards of hygiene, safety, and respect for patients are being met.



## **HOW WILL NHI WORK WITH THE CURRENT MEDICAL AID PROVIDERS**

Individuals will be free to continue their medical scheme membership, but they will not be able to opt out from making contributions to the NHI Fund. Public Medical Aid will no longer exist but members will be accommodated within NHI. The government will no longer provide tax subsidies for medical scheme contributions. Fewer people will continue with medical scheme contributions, as it would be unnecessary to belong to both NHI and medical aid unless they intend to have cosmetic and/or non-essential surgeries.

## **WHAT KIND OF SERVICES WILL NHI OFFER?**

NHI will offer all South Africans and legal residents access to a defined package of comprehensive health services and it is committed to offering a wide range of services as possible. The service offering will range from primary health care (PHC) to specialized tertiary and quaternary levels of care. With NHI, patients will not be told that their benefits have run out or be asked to share the costs of treatment unless a member of public fails to follow the required referral route, starting at your clinic or GP. Refugees will be covered in line with section 27 (g) of the Refugees Act 130 of 1998 as amended. A special contingency fund will be established for basic healthcare coverage. Asylum seekers who possess valid permits from the Department of Home Affairs will access emergency healthcare services for fortifiable conditions of public concern. Temporary residents, foreign nationals (with and without visas), foreign students and tourists will be required to have own medical insurance.

### **Examples of what the NHI package will exclude::**

- » Cosmetic surgery that is not necessary or medically indicated but done as a matter of choice
- » Expensive dental procedures performed for aesthetic purposes and eye-care devices such as fashionable spectacle frames
- » Medicines not included in the national essential drug list
- » Diagnostic procedures outside the approved guidelines and protocols as advised by experts groups

The NHI benefits provided will cover preventive, promotive, curative and rehabilitative healthcare services. The emphasis will be on preventing disease and promoting health. NHI is a fund that pays for health care for everyone in South Africa.

### **CAN SOUTH AFRICA AFFORD NHI?**

South Africa already spends a very high amount on healthcare. If we add private and government spending together this amounts to more than R200 billion a year. A large slice of this is spent on private care for only 16% of the population. Private care at present is often needlessly expensive.

NHI Fund will be able to count on:

- » All the present government funding for public healthcare
- » All the money government spends on tax subsidies for medical scheme members
- » Contributions from people who are presently members of medical schemes
- » Contributions from those who earn well but have avoided joining medical schemes

The NHI Fund income will amount to at least as much as present healthcare spending. But it is possible that government will be required to further boost this amount.

The NHI Fund will have strong buying power which will enable it to purchase health services at a reasonable rate:

- » The rate at which the NHI Fund will pay healthcare providers will be higher than the present cost of public health services but lower than the most rates in the private sector.
- » The NHI Fund's method of payment will encourage healthcare providers to operate efficiently and provide effective care.
- » The NHI Fund will be a non-profit body and will keep administrative costs low.



## ***DO WE HAVE ENOUGH HEALTH PROFESSIONALS?***

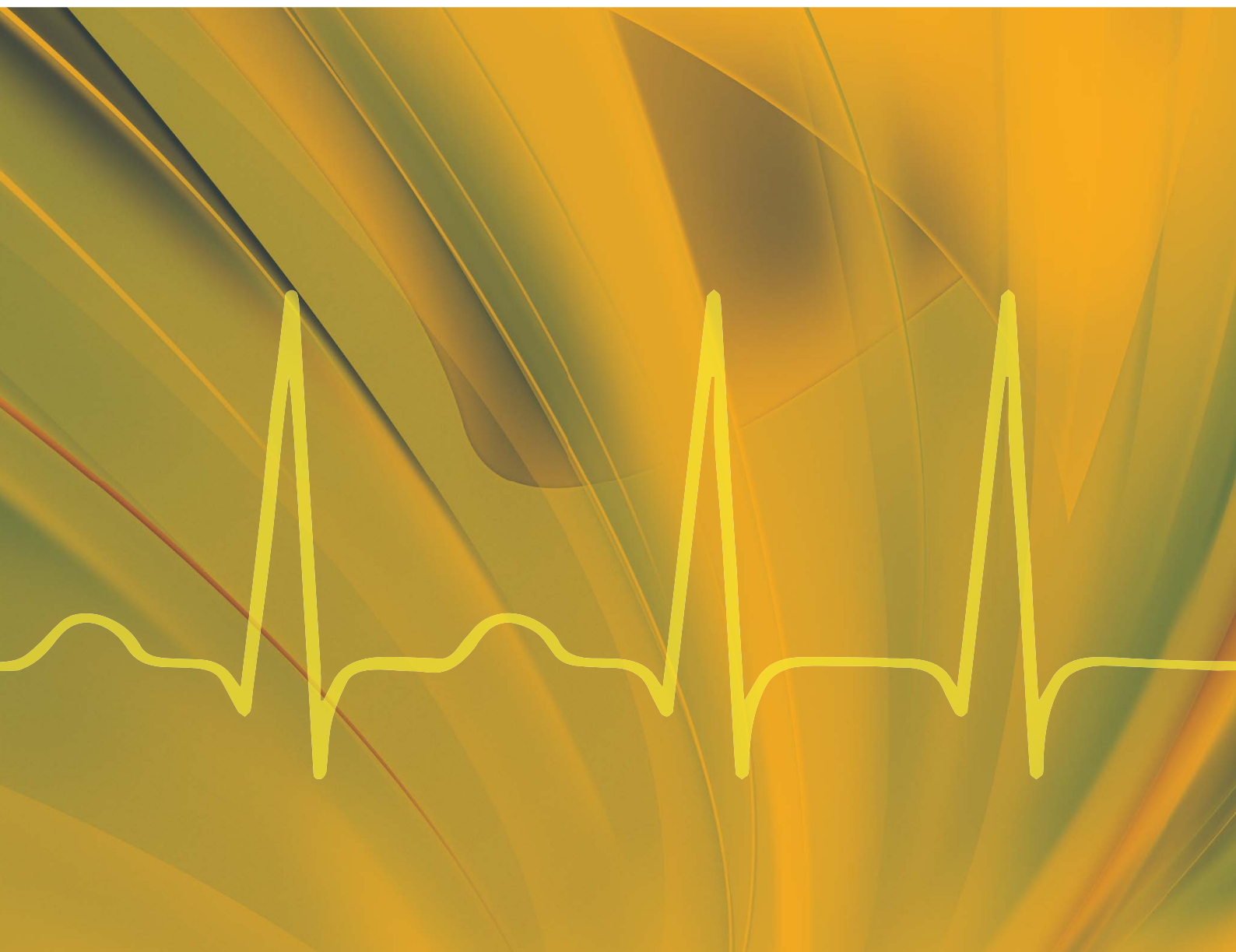
The biggest threat to NHI is the unequal distribution of health professionals between the private and public sector, and between urban and rural areas. One of the government's most urgent tasks, as it prepares for NHI, is to increase the numbers of health professionals who provide services and training, and undertake health research.

Government has already taken action to begin increasing the numbers of health professionals graduating from colleges and universities. Government is encouraging the return of South African health professionals working abroad as well as exploring ways that retired health professionals could use their experience and skills to train new health professionals. NDOH will recruit qualified health professionals from other countries and reduce the administrative barriers, which delay their registration.

The government has started the process of putting the laws in place that will support the NHI system. These laws will be discussed with the public and with individuals and organizations involved in healthcare before they are finalized and passed by Parliament. NDOH will keep the public informed as they move forward to establish the new system. They will continue to use radio, television, and newspapers to update the public on NHI.

If you are able to use the internet, you will also find the latest information on [www.health.gov.za](http://www.health.gov.za) you can also call **012 395 8000** to find out when the NHI town hall meeting will be held in your community.

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