

OCTOBER 2019

FREQUENTLY ASKED QUESTIONS ABOUT THE
NATIONAL HEALTH INSURANCE (NHI) BILL,
ANSWERED BY DISCOVERY HEALTH MEDICAL SCHEME
AND DISCOVERY HEALTH (PTY) LTD

Since the tabling of the National Health Insurance bill in August 2019, we have received many questions and comments from members of Discovery Health Medical Scheme and the public. Here we answer some of the frequently asked questions about what we know about the NHI bill, and our views on it.

Q: There's been a lot of reporting in the media about NHI, and it seems to be important - but what exactly is it?

A: The Minister of Health recently published the National Health Insurance Bill, which, once passed by Parliament, will be signed into law by the President, and will establish a National Health Insurance Fund (NHI, or the fund) for South Africa. The objective of the NHI is to improve access to healthcare for all South Africans.

NHI will pay for a set of predetermined healthcare treatments and medicines so that registered users of the fund will not need to pay when they access the care. We don't know yet which treatments and medicines will be paid for by the fund, and which will not be. The NHI will specify which hospitals and doctors you can go to as a Fund user, and you will need to use the specified referral pathways in order to obtain cover for your treatment. Where a person chooses not to follow the NHI pathways, and to use their own doctor or hospital, they will not be able to claim from the NHI, but will be able to pay for the service themselves or to use their private medical aid to pay for it.

Q: What is Discovery Health Medical Scheme and Discovery Health's view on the proposed NHI Bill and do you have concerns about it?

A: The NHI is a huge, complex and multi-decade initiative and a considerable amount of debate and effort will be required to make it workable. Our overall position on NHI is unequivocal: we are completely supportive of the drive towards ensuring that all South Africans have access to quality health services based on need rather than affordability. We therefore support an NHI that assists in strengthening and improving the healthcare system for all South Africans, especially given the inequalities that currently exist in healthcare. We are working hard in making constructive contributions to the NHI process, and looking for ways in which to participate in improvements in the overall healthcare sector.

We believe that there are assets, skills and experience available in the private healthcare system which can be leveraged to ensure the success of the NHI roll out, and so the Bill creates an opportunity for collaboration in this regard.

A key area of concern about the NHI Bill is its impact on the role of private medical schemes, and whether or not they will be limited in what they are able to cover for their members, as this is not altogether clear in the Bill. We believe that private medical schemes should be able to provide extensive benefits alongside NHI, and that this will support and enhance the NHI as it will relieve pressure on an already constrained public healthcare system. We discuss this issue in more detail in the question on the future role of medical schemes below.

Our other concerns are that the Bill is generally unclear in many respects, and leaves many questions unanswered and details unspecified. We are working to make these concerns heard and taken into account in revisions made to the Bill before it is passed into law. To this end, we are participating in a number of industry forums, and will be making a representation to the Portfolio Committee on Health, and will continue to engage in all appropriate forums in the future.

Q: What will be the role of medical schemes once the NHI system is implemented?

A: A central issue arising from the NHI bill is the future role of private healthcare and medical schemes once the NHI is implemented. The NHI Bill states that when the NHI is *'fully implemented'*, medical schemes will not be able to provide cover for services that are paid for by the NHI.

Our strong view is that substantially limiting the role of medical schemes would be counterproductive to the NHI because there are simply insufficient resources to meet the needs of all South Africans. Limiting people from purchasing the medical scheme

coverage they seek will seriously curtail the healthcare they expect and demand. This is already eroding sentiment and will continue to do so. It also poses the risk of denuding the country of critically needed skills, and is impacting negatively on local and international investor sentiment and business confidence. Crucially, by preventing those who can afford it from using their medical scheme cover, and forcing them into the NHI system, this approach will also have the effect of increasing the burden on the NHI and will drain the very resources that must be used for people in most need.

We also believe that limiting the rights of citizens to purchase additional health insurance, after they have contributed to the NHI, would be globally unprecedented and inappropriate. In virtually every other country with some form of NHI, citizens are free to purchase additional private health insurance cover, including cover that overlaps with services covered by the national system. A restriction on choice of medical scheme cover is not dissimilar to limiting the rights of citizens to purchase private education for their children or private security, on the basis that the public system already provides state schooling and security services.

Given the substantial harms that this approach of limiting the role of medical schemes will cause, it must surely be strongly justified for good policy reasons. However, we are not aware of any sound policy reason or justification that has been put forward for this approach.

We believe that medical schemes will continue to cover all of the healthcare services which they currently cover for the foreseeable future for the following reasons:

- There is uncertainty as to when the NHI will be considered “fully implemented”, and this is most likely to be quite far in the future due to resource constraints.
- There is no clear definition of services to be covered by the NHI, and it appears that this definition will be expanded on an incremental benefit and geographic basis, with an initial focus only on primary and maternity care and other high priority services for vulnerable populations.
- The Bill is open to interpretation. It states that medical schemes cannot cover services “reimbursable” by the NHI. At the same time, the Bill clearly states that to obtain reimbursement, patients will have to follow the NHI’s ‘referral pathways’. If patients choose their own providers, they will not be able to claim from the NHI but will be able to claim from private health insurance. When read together, the Bill appears to accommodate medical schemes being able to fund any services that are not reimbursable by the NHI due to patients choosing not to use NHI protocols and pathways.

Q: Are you engaging with government about the NHI and the impact on medical schemes?

A: Yes, we are actively engaging with the Department of Health and other stakeholders alongside the broader business community. We will continue to do so in order to ensure that medical schemes and private healthcare remains a critical part of the overall national health system, together with the NHI.

Q: Where will the money for NHI come from? And what does this mean for the funds I have in my medical aid, like my medical savings account?

A: The funding model for NHI is not yet finalised and the Bill makes no reference to the likely costs of the NHI once fully implemented. Over 85% of the current public health budget of R223 billion is allocated to the current public healthcare system. Any fundamental change that improves quality and access and that is able to contract private providers will therefore require substantial additional funding. We understand that National Treasury will soon be publishing a costing document, and that this is likely to be based on an incremental approach to providing NHI benefits.

In our view, the government faces significant challenges in securing the funding required to implement the envisaged NHI, including the current and likely future fiscal constraints facing government.

The Bill specifies that payroll taxes and a surcharge on personal income tax could be considered as sources. Such taxes would need to be determined by National Treasury. At the presentation of the Bill, the Minister of Health indicated that no tax changes are envisaged over the next three years.

The funding of the NHI will have no impact on scheme members' savings accounts or on the reserves of the Scheme. These funds belong to the members and cannot be accessed for the NHI. The only mechanism which the Government can use to raise additional funding for the NHI is via the taxation system.

Q: What does NHI mean for DHMS and my scheme membership?

A: According to the Bill, medical schemes will continue to exist alongside the NHI, and will provide funding for treatments and medicines that the NHI does not pay for, providing what the Bill refers to as “complementary cover to services not reimbursable by the Fund”. This arrangement will only come into effect once NHI is fully implemented, as determined by the Minister of Health. This means that for the foreseeable future, medical schemes will continue as they currently are. It is expected that the role of medical schemes will evolve as NHI is rolled out, but this will take place over many years and we do not expect any material impact on medical schemes in the near future. It would also be healthy for the NHI to create more competition for medical schemes and the private sector, as it will offer more choice to South Africans and ensure that both sectors work to offer good services and quality healthcare to their patients. This means that the State can provide the services it can afford, while both sectors improve over time.

In other countries with a national health system, it is common that private healthcare operates alongside state-funded healthcare. This is seen as the preferable way of establishing healthcare funding, as the State provides the services it can afford, while allowing individual freedom of choice in funding additional healthcare on a private basis.

Q: So should I cancel my medical scheme membership?

A: Absolutely not. The NHI will take many years to be established after the Bill has passed into law, and it will be a long time before we really understand how NHI will be funded, what its budget will be, and what services it will reimburse. It is important to bear in mind that healthcare needs are often unexpected and can involve very large expenses, and so cancelling your medical scheme is a serious risk to you and your family's physical and financial wellbeing.

Q: Will it mean any changes to my medical scheme plan?

A: It is difficult to answer this with any certainty. It is possible that some years into the future, medical scheme benefits will adjust to work alongside the NHI. However, these changes will only take effect after quite a number of years and will be introduced gradually. The specific wording of the Bill regarding what a scheme can pay for is open to interpretation and we are actively engaging with policymakers to obtain clarity.

Q: What will happen to private hospitals and healthcare professionals?

A: The Bill envisages that the NHI Fund will contract on a voluntary basis with private hospitals and professionals and other services to supplement the current public sector delivery system.

For the foreseeable future, we expect that the NHI will contract with some GPs to supplement its public primary care services, and also that it will contract for certain high priority services to address specific gaps in public sector provision. If this is achieved, it will already be a significant step forward. Beyond that, we expect that the vast majority of NHI services will continue to be delivered by public sector clinics and hospitals, and that private hospitals, specialists and other providers will continue to be funded by medical schemes.

We have a brilliantly committed, highly skilled and world-class healthcare professional community in South Africa. These professionals work hard, provide excellent care and are committed to our country. We will work hard to defend their rights to fair remuneration, to an optimal working environment that promotes sustainability and ideal patient care, and to retaining and supporting them within our broader healthcare system.

Q: What happens next in terms of the Bill?

A: The NHI Bill has been tabled in Parliament and is now in the hands of the Portfolio Committee on Health, which will hold formal hearings in early 2020. There will also be a parallel process within NEDLAC, which will create further opportunities for business, labour and government to engage on the final content of the Bill. We expect the Bill to be finalised sometime during 2020 at the earliest.

Q: What should I be doing during this process?

A: We need concerted efforts and commitment from all South Africans to contribute to NHI policy, in light of working together towards quality health services and universal health coverage for all. We strongly recommend that all South Africans educate themselves on the issues, follow the developments as they unfold and participate actively in the public commentary process to ensure that all voices are heard and all concerns are addressed.

The Bill is available [here](#).

The Portfolio Committee on Health has requested the submission of written comments from interested individuals and relevant stakeholders. Submit your questions, concerns and comments to Ms Vuyokazi Majalamba, e-mail vmajalamba@parliament.gov.za, by **29 November 2019**.

More information

Read more about Discovery Health's overall position on the NHI [here](#).