

NATIONAL HEALTH INSURANCE ACT

FREQUENTLY ASKED QUESTIONS
2025





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

Since the tabling of the National Health Insurance Bill (NHI Bill) in August 2019 and the subsequent signing of the NHI Act into law on 15 May 2024 by President Cyril Ramaphosa, we have received many questions and comments from medical scheme members and the public. Here we answer some of the frequently asked questions about what we understand about the NHI Act.

Q: What exactly is the NHI?

A: The National Health Insurance Act (NHI Act) provides for the establishment of a National Health Insurance Fund (NHI, or 'the fund'). The objective of the NHI is to improve access to healthcare for all South Africans by centralising the funding of health services.

The NHI Act was signed into law by President Cyril Ramaphosa on 15 May 2024. The aim is for the NHI fund to pay for a set of pre-determined healthcare services so that users will not need to pay when they access the care. Healthcare services will be accessed according to a defined treatment pathway.

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 healthcare facilities (e.g. clinics and doctors) can be accessed, and patients will need to use the specified referral pathways to obtain cover for treatment. Where a person chooses not to follow the NHI pathways, and to use their own doctor or hospital, they will not receive cover from the NHI.

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

A: Discovery Health has always supported the drive towards ensuring that all South Africans have access to quality health services based on need rather than affordability (i.e. universal health coverage). We support an NHI that assists in strengthening and improving the healthcare system for all, especially given the inequalities that currently exist in healthcare. However, we believe that making it workable requires collaboration with the private sector.

The NHI is a very big and complex initiative with a considerable amount of planning required to make it workable. Aside from the constitutional and legal hurdles that lie ahead, there are also significant operational challenges and financial realities that will need to be navigated. Given the magnitude of the proposed change to South Africa's health system, this cannot be achieved in the short-term.

A key area of concern about the NHI Act is its impact on the role of private medical schemes, and whether they will be limited in what they are able to cover for their members, as this is not altogether clear in the Act. We believe that private medical schemes should be able to provide benefits alongside the NHI, in a co-ordinated manner. This will support and enhance the NHI as it will relieve pressure on an already constrained public healthcare system.

Our other concerns are that the Act is generally unclear in many respects. Without a clear and realistic funding and implementation plan, stakeholders remain uncertain on the exact implications of the NHI.

We continue to work hard in making constructive contributions to the NHI process and looking for ways in which to participate in improvements to the overall healthcare sector. We believe that there are extensive and unique assets, skills and experience available in the private healthcare system which can be leveraged to ensure the success of the NHI roll out.

We have submitted our concerns and suggestions to the Portfolio Committee on Health, to the National Council of Provinces and to the President. Discovery Health is disappointed that the President did not consider any of our submissions before the Act was signed into law during May 2024. Discovery Health will continue to engage constructively in all appropriate forums but is also taking



the necessary legal steps to ensure that the rights of medical scheme members are not adversely affected through the implementation of the NHI.

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

A: The NHI Act 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. This is a key concern to Discovery Health because limiting the role of medical schemes would be counter-productive to the NHI as there are simply insufficient resources to meet the healthcare demands of all South Africans.

Additionally, limiting people from purchasing the health insurance coverage they need, without a viable and sustainable alternative, is unconstitutional. 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. By preventing those who can afford it from using their medical scheme cover, and forcing them into the NHI system, it will increase the burden on the NHI and drain the very resources that must be used for people who need it the most.

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 around the world 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. For example, in countries such as the United Kingdom, Brazil and Australia public and private funders work in tangent with each other and people are free to choose private health insurance despite the availability of the public NHI-type 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.

It is important to stress that the Minister of Health has stated in legal papers that full implementation of NHI remains at least 10 - 15 years into the future. Until this time, very little to nothing will change in relation to medical schemes. In parallel, Discovery Health remains fully committed to continue with the extensive work we’ve been doing to achieve a constructive NHI outcome as well as health system strengthening.

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

A: Yes. We have actively engaged with the National Department of Health and the Presidency and various other stakeholders alongside the broader business community. We will continue to do so to ensure that medical schemes and private healthcare remains part of the overall national health system, together with the NHI.

Discovery Health has made comprehensive inputs at every opportunity for public input during the legislative process and is disappointed that these, along with many other substantial and constructive inputs, seem to have been ignored. These inputs have been compiled with a view to making the health system work for everyone in South Africa. We will continue to seek opportunities to give inputs and participate in engagements.

Q: Do we expect taxes to increase significantly with the NHI implementation?

A: No, the NHI Act does not change or add any taxes. Only National Treasury can make tax changes through legislative amendments and these also need to be informed by public participation.

South Africa already spends a considerable amount of public expenditure on healthcare. The government is unlikely to increase this amount significantly, given other pressing social priorities as well as the widening fiscal deficit. For instance, in 2024, government spent 15% of its budget on healthcare or 4.5% of gross domestic product on public health. This is in line with international standards such as the Abuja Declaration and the World Health Organization recommendations for universal health coverage funding.



In addition, South Africa has the highest proportion of government expenditure on health across BRICS (Brazil, Russia, India, China) countries. It will therefore be allocatively inefficient for the government to direct more funding towards healthcare at the expense of other areas of spending and need and this will impede the country's global competitiveness.

Given these economic realities, we do not expect a significant amount of additional funding to be raised from taxes in the near future. However, in the longer term, if there is real economic growth and a reduction in unemployment, government's revenue will increase, enabling the amount of public funding directed towards healthcare to increase.

Q: Where will the money for NHI come from?

The Minister of Health has confirmed that no tax changes are envisaged over the next three years. Given the fiscal constraints facing the country though, we expect additional revenue for NHI to be generated from improvements in efficiencies across the healthcare system.

We note that the funding model for NHI is not yet finalised and the Act makes no reference to the likely costs of the NHI once fully implemented. We understand that National Treasury has asked the National Department of Health to prepare cost estimates regarding the NHI implementation. The Minister of Health has confirmed that NHI implementation is likely to be based on an incremental approach, where the benefit package will be expanded as funding improves.

The NHI Act specifies that payroll taxes and a surcharge on personal income tax could be considered as sources. However, the mechanism for funding for the NHI has not been clearly defined and any tax changes can only be made by National Treasury. Substantial work is still required to determine how potential revenue streams will be used to fund the NHI.

Q: Will the NHI be able to access the funds I have in my medical aid?

A: The NHI cannot take any funds from medical schemes including members' savings accounts, contributions or the reserves of the Scheme. These funds belong to the members and cannot be accessed for the NHI.

The funds in medical schemes are contributed voluntarily by members mostly from their after-tax earnings. The money belongs to the members and there is no mechanism for government to access these funds because they are well protected by law. When the Department of Health refers to medical scheme contributions being 'redirected', the only way this can be done is to raise taxes for everyone. Even medical scheme contributions paid through employers are from salary funding which belongs to the employees who are members of medical schemes.

Q: Is the tax credit going to be removed now that the NHI Act has been signed into law?

A: No. Only National Treasury can amend or remove the medical scheme tax credits through legislative amendments of the Taxation Laws informed by public participation and this is not expected to happen in the short term to medium term.

Medical scheme tax credits reduce the amount of tax payable by individual medical scheme members. If you are a member of a medical scheme, you are able to recover the tax credit by reducing the amount of tax you pay by a fixed amount. The removal or reduction of medical scheme tax credits would therefore increase the tax burden for medical scheme members and may impact on their ability to afford private cover thereby increasing the burden on the public sector.

The proposal to redirect the medical scheme tax credits has been a long-standing request from the National Department of Health. However, medical scheme tax credits represent a progressive mechanism of funding healthcare that has been preferred by National Treasury for some time. The tax credits were deliberately restructured in 2012 by the National Treasury to be more beneficial to lower income earners, and they have been effective in making medical schemes more accessible for lower income earners. Removing or adjusting the tax credits will, therefore, lead to many lower income earners dropping off medical scheme cover due to affordability constraints, further exacerbating the pressure on public sector facilities.

The amount of additional tax that would be collected if tax credits were entirely withdrawn is approximately R27.8bn excluding R7.5bn Tax credits for additional expenditure by taxpayers¹, which is only around 5% of total annual cost of funding the NHI, as indicated by the National Department of Health in its presentation to Parliament's Portfolio Committee on Health in 2022.

¹ National Treasury 2021



Q: What does NHI mean for my medical scheme membership?

A: There is no immediate impact of NHI on your medical scheme benefits or contributions.

According to the NHI Act, medical schemes will continue to exist alongside the NHI until the NHI is 'fully implemented'. The Minister of Health has stated in his legal papers that he expects this to take 10-15 years. The magnitude and complexity of implementing NHI may mean that it takes even longer.

Section 57 of the Act states amongst other things states that National Health Insurance will be gradually phased-in using a progressive and programmatic approach based on financial resource availability (Section 57 1 (b), NHI Act). After the NHI is fully implemented, medical schemes will provide funding for treatments and medicines that the NHI does not pay for, providing what the Act refers to as 'complementary cover' to services not reimbursable by the Fund.

We therefore do not expect any material impact on medical schemes in the near future. 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 individuals freedom of choice in funding additional healthcare on a private basis.

Q: So, should I cancel my medical scheme membership?

A: No. Not at all. The NHI will take many years to be established, and it will be a long time before the NHI will be funded and it will be known what services it will cover.

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. The NHI package of benefits is also unlikely to cover the extent of the benefits that medical schemes currently cover and certainly not the existing package of prescribed minimum benefits that all medical scheme benefit options are required to cover.

Q: Will medical schemes be required to change their benefits now that the NHI Act has been passed?

A: No. The NHI Act will not have any immediate effect on medical scheme benefits. Medical schemes will only be required to change their benefits once the NHI is fully implemented. As the implementation of the NHI will take between 10-15 years, there will be no impact on medical schemes for the foreseeable future.

It is possible that some years into the future, medical scheme benefits will adjust to work alongside the NHI. These changes will only take effect after quite a number of years and will be introduced gradually. The specific wording of the Act regarding what a medical scheme can pay for is open to interpretation and we are actively engaging with policy-makers to obtain clarity.

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

A: The Act envisages that the NHI Fund will contract on a voluntary basis with private hospitals and professionals and other medical service providers 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 that it will contract for certain high priority services to address specific gaps in public sector provision e.g., oncology, renal dialysis.

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 valuable, 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 continue to advocate for the private sector especially the



doctors, on their right to work in an optimal working environment, for fair remuneration and ensuring their retainment within the National Health System while promoting sustainability of the industry, quality health outcomes and ideal patient care.

Q: Will the NHI mean that everyone can go to private hospitals and doctors even if you don't have medical scheme cover?

A: The extent of the NHI benefits and access to health facilities (public and private) will be subject to the level of funding available to the NHI. Given the uncertainty of the level of funding available to the NHI, it is not clear what services will be included in the NHI package and whether this will include hospitals and specialists.

The NHI Act includes the provision that all users need to register with an allocated primary care facility and can only access the benefits through a defined referral pathway. This means that patients will only be eligible for cover according to where they are directed by the NHI. It does not appear that the NHI will be in a position to cover extensive hospital and specialist benefits or medication beyond the essential medicine list for quite a few years and until funding can be sourced to sustainably support this. The NHI Act also specifies that benefits will be provided to vulnerable groups first and incrementally rolled out to the rest of the population.

Q: Will all doctors in South Africa be forced to contract with the NHI?

A: No. South Africa's constitution protects the rights of individuals to determine who they want to contract with and the terms required to be sustainable.

The level and extent of the NHI package also remains uncertain, as well as the extent of the funding that will be required and how this will be raised in a sustainable way. Given this uncertainty, it is unclear whether contracting with the NHI will be commercially viable for private doctors in the short to medium term.

Q: What happens next in terms of the Act?

A: None of the sections of the Act have been given effective dates by the President as yet. We expect some sections to be implemented so that the NHI Fund can be set up and some of the appointments made but this will take some time and does not affect medical schemes in any way.

Each Section of the Act now needs to be promulgated, and further legislation and regulations are required before the NHI can be operational. These processes will have to follow proper legal procedures. Another pivotal step will be for the National Department of Health to centralise healthcare funding from the provincial departments to the national level. This will require significant reorganisation of the public healthcare sector. The Minister of Finance has requested that the implementation plan is costed so that it can be paced in an affordable way.

We understand that the immediate focus of government is to establish the NHI Fund so that it can begin contracting with healthcare facilities. Given the funding constraints, priority will be on a primary care benefit package for the most vulnerable sections of the population – such as the elderly, those with disabilities and those living in extreme poverty. We therefore do not expect there to be any changes to the medical scheme industry for the next few years.

More information:

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