

# Upsetting the healthcare apple cart

 By [Nicci Botha](#)

30 Mar 2016

The South African healthcare industry has been in a state of flux for a number of years now, especially around national health insurance and the probe into the costs of private healthcare by the Competition Commission.



Graham Anderson, CEO and principal officer of Profmed, answers a few questions on these issues.

■ ***The long-awaited White Paper on the proposed National Health Insurance (NHI) was published in the Government Gazette on 11 December 2015. How do the proposals contained in the document affect medical schemes?***

**Anderson:** In essence, the White Paper presents a national health insurance scheme (NHI) to provide access to healthcare for all South Africans. While this commitment by government to address critical national healthcare needs is welcomed, the legitimacy of the proposal and its potential to be effectively carried out is currently a key debating point. We see a number of areas of concern in the NHI paper, including constitutionality issues, quality of service, the provision of services, as well as payment issues

According to the White Paper, medical schemes will not be able to cover that which will be covered under the NHI. This means that medical schemes will be able to cover niche and non-critical procedures such as plastic surgery. This will challenge the viability of medical schemes as an industry in the long-term.

More importantly, the minister clarified two points in the White Paper shortly after its release. He noted that medical schemes cannot be stopped from existing, and they could act in tandem with the NHI. However, this means that members would then have to pay for both. Many members would not be able to afford this and would see a shrinking in terms of the medical scheme industry.

The second point of clarification he explored was around the implementation of NHI and that there would be a slow introduction to the market, where they would start firstly by providing primary healthcare and then steadily introduce new services as time went on.

We support this approach as this aligns to our thinking of the implementation of NHI. It should essentially begin by covering primary healthcare as well as preventative benefits, for example screening for high blood pressure and blood sugar. This will see medical schemes working in tandem with NHI which will save the consumer money by bringing down consumer contributions.

■ ***The White Paper isn't that different to the Green Paper released for comment two years ago. What if any are these changes?***

**Anderson:** There is still no clarity in terms of how NHI will be funded. We believe this is crucial in order to understand the true impact this will have on the South African public.

■ ***As you mentioned, there is still no real indication of how the NHI is going to be funded, if you were minister of health, how would you make it viable?***

**Anderson:** Before looking at NHI it is important to understand the resources that are available to the public healthcare sector is sufficient to provide an efficient and quality service to the people of South Africa. We see this as the critical first step to providing social health insurance to the country.

It is important that the public sector drive efficiencies in the short term and restructure the sector in order to achieve the best possible level of service. They need to first attract top talent and bolster human capital with people that are qualified to work in this sector and work towards ensuring that hospitals become centres of research in order to further the industry.

That being said, the funding for public healthcare sector is already available. It's important to note that the private healthcare sector as well as the public do already provide funding for the public healthcare sector through taxes. It is our view that we do not require additional funding to provide good healthcare services to the country.

■ ***The private healthcare industry, including medical schemes, has come under considerable pressure at the Competition Commission market enquiry, which could have a marked effect on pricing structures and business models for medical aid schemes. What are your thoughts on the impact of the commission?***

**Anderson:** Costs in the healthcare sector have been rising at a rapid rate for many years, placing both medical schemes and consumers under intense financial pressure. While we would welcome all stakeholders working together to deal with this crisis, the solution may come only through proactive moves by regulators.

The biggest concern if rising healthcare costs are not contained is that consumers may opt to cut or cancel their healthcare cover entirely. Consumers have faced myriad rising costs over the last few years. It is of concern that more and more South Africans may begin to view healthcare cover as a luxury, rather than an essential item.

As this process is not yet concluded I feel it would be premature to comment at this stage on the material aspects being presented at the enquiry. However, I do wish to commend the panel on doing very thorough job.

## ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's

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