



National Health Insurance

SAPA Conference

ANC 52ND NATIONAL CONFERENCE

- Education and health – key priorities
- Polokwane Resolution 53
 - “Reaffirm the implementation of the National Health Insurance System by further strengthening the public health care system and ensuring adequate provision of funding”
- Polokwane Resolution 55
 - “Government should intervene in the high cost of health provision.”

Manifesto states that Government will:

- “Introduce the National Health Insurance System (NHI) system, which will be phased in over the next five years. NHI will be publicly funded and publicly administered and will provide the right of all to access quality health care, which will be free at the point of service. People will have a choice of which service provider to use within a district”

ANC 52ND NATIONAL CONFERENCE

NHI to address the inequities in the distribution of funding and provision of health care between public and private sectors

- “The implementation of NHI will go a long way in addressing the inequalities that still persist in our health system, especially in the skewed distribution of funding and human resources between the public and private sectors. It is an established fact that the current command of health resources by the private health sector, which serves a minority section of the population, has been to the detriment of the public sector on which the vast majority of South Africans depend. The ANC government is determined to press ahead with the implementation of NHI this year and will ensure that all stakeholders are consulted before the passing of NHI legislation

INEQUITIES

- People who have access to private (16%) vs public health care (84%)
- Spend - private vs public (45% of spend consumed by private vs 55% consumed by public)
- Access to resources – private vs public
 - Doctors – 45% private vs 55% public
 - Nurses – 40% private vs 60% public
 - Specialised facilities & treatment

INITIAL CONCERNS

- Time period – 5 years
- Cost

Heather McLeod, Pieter Grobler & Servaas

Van der Berg – 18 February 2010

- PMB's – R78 bn to R156 bn
 - PMB's + primary care – R126 bn to R251 bn
 - PMB's + in hospital – R112 bn to R224 bn
 - PMB's + primary +in-hosp – R160 bn to R319 bn
 - Comprehensive – R167 bn to R334 bn
- Resources

KEY CHALLENGES

- SA disease burden – 5 times developed world
- Low economic participation – 20% of population
- Less than 20% of population funds 80% of health care system, consumes 45%
- Requires Govt. public health spending to move from 3.5% GDP to 8%
- Doctors and nurses

CURRENT POSITION

- Still no real clarity
- ANC National General Council Meeting (Dbn 2010)
 - 14 year implementation (2012)
 - “Full range of services to everyone”
 - Begin in underserviced areas
 - Cost R128 bn in 2012 to R376 bn in 2025
 - Source of funding – surcharge on taxable income, payroll taxes (employees & employers) and VAT
 - Private schemes seen as part of the future

IMPACT – EMPLOYERS / SCHEMES

- Impact delayed somewhat – 14 year implementation
- Government initially focused on building capacity, 10 point plan
 - Overhaul system, improve management
 - HR planning, retention of professionals
 - Revitalisation of infrastructure
 - Improve quality of health services
 - Preventative care infrastructure
- Realign tax deductions – tax credits (approx R10 bn)

IMPACT – SCHEMES

- NHI care delivery
 - Contracted GP's – capitation
 - Member choice – restricted within areas
 - GP's refer to specific specialists
 - GP's / specialists refer to specific hospitals
- NHI care quality good – high scheme impact (cost influence)
- NHI care quality bad – low scheme impact (cost influence)

IMPACT – SCHEMES

- Good quality at a primary care level
 - Schemes move to top-up and covering gaps
 - More members leave – lower risk
 - Overall scheme risk profiles change – costs increase
- Poor quality at a primary care level
 - More members remain, needing comprehensive cover
 - Lower impact on risk profiles, cost pressure reduced
- Key consideration is impact of paying for the same cover twice

OMAC ANALYSIS

INCOME		NORMAL	NHI
Lower	Upper	%	%
R0	R132 000	18%	0.50%
R132 001	R210 000	25%	1%
R210 001	R290 000	30%	2%
R290 001	R410 000	35%	3%
R410 001	R525 000	38%	5%
R525 001		40%	6%

OMAC ANALYSIS – SINGLE MEMBER

Annual Salary	Extra cost for NHI	Member moves to cheaper plan	Member leaves scheme
60,000	1,650	(9,294)	(17,718)
120,000	1,950	(7,110)	(17,658)
240,000	4,290	(4,770)	(15,318)
480,000	12,990	3,930	(6,618)
600,000	19,890	10,830	282
780,000	30,690	21,630	11,082
960,000	41,490	32,430	21,882
1,200,000	55,890	46,830	36,282

OMAC ANALYSIS – MEMBER PLUS ADULT

Annual Salary	Extra cost for NHI	Member + Adult moves to cheaper plan	Member leaves scheme
60,000	3,000	(15,192)	(29,184)
120,000	3,300	(13,584)	(32,268)
240,000	6,540	(10,344)	(29,028)
480,000	15,840	(1,044)	(19,728)
600,000	22,890	6,006	(12,678)
780,000	33,690	16,806	(1,878)
960,000	44,490	27,606	8,922
1,200,000	58,890	42,006	23,322

OMAC ANALYSIS – MEMBER, ADULT & CHILD

Annual Salary	Extra costs for NHI	Member + Adult + Child moves to cheaper plan	Members leaves scheme
60,000	3,821	(17,335)	(32,815)
120,000	4,121	(16,327)	(37,627)
240,000	7,908	(12,540)	(33,840)
480,000	17,573	(2,875)	(24,175)
600,000	24,714	4,266	(17,034)
790,000	35,514	15,066	(6,234)
960,000	46,314	25,866	4,566
1,200,00	60,714	40,266	18,966

IMPACT - SCHEMES

- NHI compulsory, scheme membership voluntary
- Key issues for a scheme
 - Membership voluntary / compulsory
 - Demographic profile - risk
 - Prescribed benefits
 - Underwriting – risk management
- Short to medium term = low impact
- Long term = NHI quality (real and perceived) and cost concerns will decide this

IMPACT – SCHEMES

- How will the scheme regulatory environment evolve?
 - Schemes / insurance
 - Prescribed benefits
 - Open enrolment
 - Underwriting and experience rating
 - Exclusions and waiting periods

EMPLOYER / MEMBER CONSIDERATIONS

- Unlikely that tax will be implemented prior to resolution of service delivery issues and some base benefit implemented
- Company policy – rationale for existing environment
- Company subsidy – private cover
- Post retirement promise and liability
- Implement / strengthen on-site primary care facilities

THANK YOU
