



Dear Member

The National Health Insurance (NHI) Bill was introduced to Parliament in August 2019, and as you are aware, it was passed by the National Assembly on June 13, 2023. The NHI Bill is intended to introduce universal health insurance, but BHF and Medical Schemes can argue that it may face challenges related to financial sustainability and effective implementation.

It's positive to know that the next phase of the Bill involves public participation. Allowing the public, stakeholders, and experts to provide input and feedback on the proposed legislation is an essential aspect of the democratic process. Public participation can help address concerns, gather different perspectives, and potentially improve the final version of the NHI Bill. The National Council of Provinces (NCOP) will deliberate and consult on the Bill before it can be passed into law. If the NCOP approves the Bill, it will then be sent to the President for assent.

In its current form, it limits the role of medical schemes. But there is no cause for panic. The Board of Healthcare Funders (BHF), representing your scheme, is the largest healthcare funding association in southern Africa representing over 6.5 million members. As an advocacy group, the BHF is geared to participate fully in the remaining NHI Bill review processes but, at the same time, we urge members of this scheme, the public and all entities to participate in these processes. Your voice matters.

The BHF believes in the importance of a well-considered approach to the implementation of the National Health Insurance (NHI) Bill in South Africa. As a member body representing medical schemes, the BHF wants to ensure that the private health sector retains a role in the country's healthcare system and that the interests of medical schemes and their members are adequately represented.

The BHF rightly points out that a complete eradication of the private sector is not practical, as a significant portion of the South African population (**9 million individuals**) relies on medical health schemes for their healthcare needs. Thus, the NHI and the private sector should be considered as partners, each having a distinct role to play in achieving universal healthcare coverage and strengthening the overall health system.

The goal of universal healthcare access is undoubtedly critical for the well-being of all South Africans, and it's vital for diverse perspectives, including those of the private sector, to be considered in the ongoing conversations about the NHI's implementation.



As a valued member, we will keep you updated on healthcare developments and the public participation hearings to ensure that all voices are heard and that the best possible decisions are made for the benefit of the entire nation.

We are sure that you have many questions and here are a few answers to those that have been asked:

### **What is Universal health coverage and its link to the National Health Insurance?**

Universal health coverage (UHC) refers to a healthcare system in which all individuals (health citizens) have access to essential health services without suffering financial hardship.

The 64th World Health Assembly emphasised the need for Universal Health Coverage (UHC), and the United Nations General Assembly endorsed a resolution on Global Health and Foreign Policy, urging countries to accelerate progress towards UHC.

Achieving universal health coverage requires a combination of adequate healthcare financing, a well-functioning healthcare system, access to essential medicines and technologies, a trained healthcare workforce, and robust governance and accountability mechanisms.

### **What is the National Health Insurance (NHI)?**

South Africa, as with many countries, is committed to achieving the global goal of UHC by 2030, leaving no one behind.

National Health Insurance (NHI) is a healthcare financing system that can be used to support the achievement of UHC in a country. However, NHI is not a necessity to achieve UHC. While the structure and details of NHI can vary greatly between countries, the key aim remains to promote the achievement of UHC, ensuring that everyone in the population can access the healthcare they need without suffering financial hardship.

The conceptualisation and design of any health financing system are supposed to consider each country's experiences and global lessons learned in the development of systems for UHC. Specifically, health financing within a UHC system needs to be designed to provide all people with access to needed health services (including prevention, promotion, treatment, and



rehabilitation) of sufficient quality to be effective and to ensure that the use of these services does not expose the user to financial hardship.

In South Africa, the key focus of the reforms is the creation of the NHI fund, which will pool both healthcare risks and funds. The implementation of NHI is predicated on creating a distinction between who purchases and who provides healthcare. This is called the purchaser-provider split. As a purchaser, the NHI Fund will not provide healthcare services, but it must pay (in full or no co-payments) for a legally defined package of health care services. Everyone must have access to this package through healthcare providers who are accredited and contracted by the Funder and meet the minimum standards for the provision of care.

Many countries around the world want to achieve Universal Health Coverage (UHC) to improve the health and wellbeing of their citizens. A National Health Insurance (NHI) is one of the ways for a country to progress towards UHC. An NHI pays for everyone's healthcare and makes sure that they have access to good care. The money for healthcare is collected in a special fund, and this fund buys the services from doctors, hospitals, pharmacies, laboratories, and other healthcare providers. The NHI doesn't provide the actual care; it helps pay for it.

With NHI, you shouldn't have to pay for essential healthcare out of your own pocket. This is to encourage people to take care of their health and get treatment when they need it, without worrying about money. Every country designs their NHI system differently, but the main goal is to make sure healthcare is fair and affordable for everyone.

## Why is an NHI being introduced in South Africa?

South Africa is introducing the NHI to make sure that everyone in the country can access quality healthcare. The current healthcare system faces challenges like a growing disease burden and unequal access to medical care based on how much money people have.

The NHI aims to solve these problems by providing fair and equal healthcare for all. The details of how the NHI will work, including how it will be funded and how services will be provided, are still being developed.

Currently, patients using either the public or private healthcare systems face many challenges when accessing healthcare. Patients accessing non-hospital-based services in the public sector are required to pay user fees, depending on their income status. In the private sector, due to the lack of appropriately determined tariffs, patients are faced with co-payments. The



result is that public and private sector patients both end up having to pay out of their own pockets for health care, whether they can afford it or not.

Under NHI, patients will not be required to pay up front for the NHI package of health care services. Access to such services will be free at the point of care.

### **How do the new NHI developments impact my medical aid?**

The NHI Bill has been adopted by the Health Portfolio Committee and will now be discussed in the National Assembly. It will take some time before the NHI becomes law and is fully implemented. The transitional period will take place in phases, with the complete NHI implementation happening once everything is ready.

During the transitional period, your medical aid will continue to cover you. Medical aids will work with the government to make sure the NHI benefits everyone.

### **What problem is NHI aiming to solve?**

South Africa is introducing NHI to improve access to healthcare while reducing inequity and inefficiency in both the public and private sectors.

The solution lies in a unified healthcare system that places the patient's interests first. The hope for NHI is that when anyone gets sick, the system can respond and address their health care needs in time. NHI aims to solve the problem of funding health care services for patients, no matter who they are.

For NHI to be successful, a strong partnership between the public and private health sectors is necessary. Resources for health care are scarce the world over, so any system of funding must be effective, efficient, and based on the health needs of the population as a whole. It must use all of the available resources in the best way possible to ensure access to health care services.

Funding is only one of the resource challenges in a health care system. Others are the availability of suitably qualified and skilled human resources, adequate infrastructure and resource management, the ability to effectively utilise health technology to improve health outcomes, quality assurance in health care services, and rigorously enforced health care



standards. NHI is therefore only part of the solution for a well-functioning and properly capacitated health care system.

## What is the current status of the NHI Bill?

The National Health Insurance (NHI) Bill was introduced to Parliament in August 2019 and passed by the National Assembly on June 13, 2023. The next step for the NHI Bill is for it to be passed by the National Council of Provinces (NCOP). The NCOP will deliberate and consult on the Bill before it can be passed into law. If the NCOP approves the Bill, it will then be sent to the President for assent.

Once the President signs the Bill into law, it does not become operational until the President signs a Proclamation at a later stage. The Proclamation will state the dates on which certain parts of the Act become effective. This gives the government time to get ready to implement the law. Before signing a Proclamation, the President must determine if the system is adequately prepared for implementation, has the necessary capacity, and can be appropriately financed.

In addition, the Minister of Finance must introduce into Parliament a separate Money bill, which must be processed by Parliament as provided for in the Constitution. Only the Minister of Finance can initiate and introduce a Money Bill. A money Bill is a draught law that sets out how the government may raise or appropriate money for a particular purpose. The NHI cannot be effectively implemented without the passage of a Money Bill into law.

The implementation of National Health Insurance is a massive undertaking that will not happen overnight. It could take decades before NHI is fully implemented due to all the system changes it requires.

## How will I contribute to the National Health Insurance?

Patients will, in one way or another, still pay for health care services funded by the NHI. This will be done through various forms of taxation, such as personal income tax, payroll taxes, and possibly VAT. Health care funded by the NHI is not free. By making people pay for it in advance, NHI guarantees them free access to the NHI health care package of services at the point of service.



Some people may never need certain health care because they are young and healthy, but they will still be obliged to pay for it to cover the needs of those that do. For example, men do not get pregnant, so they will never need perinatal health care services or a gynaecologist. Women can never get prostate cancer, so they will never need prostate cancer treatment. The idea is that everyone pays so that everyone gets the care they need. This is why the word "insurance" is used.

### When will NHI be implemented?

It may take several weeks before the NCOP finalises its deliberations and adopts the NHI Bill. Additionally, it will take some time before the NHI Bill becomes law and many years before it is fully implemented.

What will be the role of medical schemes under NHI?

The Bill currently states that, when fully implemented, medical schemes will not be able to provide cover for services that are paid for by NHI.

Since we don't know what these services are yet, we cannot say what medical schemes will not be allowed to cover them.

### What will medical schemes be able to cover under NHI?

Medical schemes will be able to fund health care services not covered or paid for by the NHI Fund for various reasons. At this stage, these reasons may include where a person is not registered with the NHI Fund, where a person does not follow prescribed referral pathways to obtain NHI-funded care, where a person uses a provider who is not accredited and contracted to the NHI Fund, where the Formulary for the NHI Fund does not include a particular medicine prescribed for a user, etc. The NHI Bill contains information gaps that will have to be filled in by regulations made by the Minister, so more clarity will be achieved as time goes on.



## How will the NHI bill impact my medical scheme membership now and in the future?

The Bill sets out many transitional arrangements that must be made for the implementation of NHI. During this transitional period, medical schemes will continue to provide all their members with the same health care benefits as they do now.

It is important to note that there are many uncertainties surrounding the financing and implementation of NHI in South Africa. It is an entirely new development, and there are still many lessons to be learned.

Medical schemes will continue to support the government in the implementation of UHC to ensure that the health system supports all citizens equitably and fairly. Your medical scheme membership will not be adversely impacted in the immediate future, as both the White Paper and NHI Bill emphasise that the role of medical schemes will only change when NHI is fully implemented. The NHI Bill acknowledges that there is still a role for medical schemes even after the NHI is implemented.

## Why strengthening our health systems is important?

The BHF, working with its member schemes, has embarked on many processes to improve access to care for medical scheme beneficiaries while waiting for the reforms proposed by the NHI to come into effect. Members of medical schemes don't have to wait for full NHI implementation before they receive improved access to health care.

## What is Universal Health Care?

According to the World Health Organization (WHO), Universal Health Coverage (UHC) means that all people have access to the full range of quality health services they need, when and where they need them, without suffering financial hardship.

UHC covers all the different types of healthcare needs that a person or family has, from preventative care, to treatment, rehabilitation, and palliative care. Many countries around the world have committed to providing UHC to their citizens.



It is part of the Sustainable Development Goals (SDGs)<sup>1</sup>, particularly Goal 3 which is to “Ensure healthy lives and promote well-being for all at all ages.”

## What are the benefits of UHC?

UHC brings many benefits to a country, healthcare providers and the individual citizen:

At a country-level, UHC can boost economic growth by leading to a healthier and more productive population. It can also reduce a country's overall healthcare expenditure, by optimising the utilization of healthcare budgets and achieving economies of scale for healthcare purchases. In addition, UHC reduces health inequalities by ensuring that all citizens have access to care they need, regardless of their socio-economic status.

At a healthcare provider-level, there is a larger pool of the population who can access services which leads to increased patient volumes.

At an individual-level, patients have greater access to care closer to their communities and without the fear of financial hardships, which can be caused by unexpected or high costs of accessing healthcare.

## Stay Informed

It's important to stay updated on healthcare developments in South Africa. There will be opportunities to share your views at the NHI meetings in each province. Keep an eye out for news, government announcements and information from your medical aid provider to understand any changes or improvements in the healthcare system that may affect you and your family.

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<sup>1</sup> <https://sdgs.un.org/goals>





## ABOUT US

# The Health Citizen

The Health Citizen is an information portal with valuable insights on NHI and its impact on all consumers of health services in South Africa 'the health citizen'

Whether you're a medical scheme member seeking information on the NHI's implementation timelines, its effect on medical scheme, or a member of the public looking to understand the broader impact of the NHI on healthcare services, The Health Citizen page is dedicated to bridge the gap between complex healthcare policies and your everyday life, ensuring that everyone has access to the knowledge and to empower you with the knowledge to navigate the changing healthcare landscape, understanding how these changes may impact your coverage, benefits, and overall healthcare experience.

A team of experts is dedicated to delivering accurate, up-to-date, insights on NHI it fits in the broader health system.

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