

## **ANC's NHI raises dilemma for healthcare costs**

Prof Di McIntyre's research goes to an issue confronting many families and employers as the African National Congress (ANC) pushes ahead with plans to introduce NHI

TAMAR KAHN

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CAPE TOWN — The proposed National Health Insurance (NHI) plan will shake up the medical schemes market, with 40% of members likely to opt out and rely solely on state services, says the University of Cape Town's Prof Di McIntyre.

Her research goes to an issue confronting many families and employers as the African National Congress (ANC) pushes ahead with plans to introduce NHI: whether they can afford private healthcare — financed through medical scheme membership — in addition to the increased taxes likely under NHI.

The ANC said on Tuesday it planned to roll out NHI over 14 years starting in 2012, and that funding options under consideration included increases in VAT, income tax, and a dedicated payroll tax.

The ANC released its discussion document on NHI at its national general council in Durban. Much like the approach taken in the UK, it proposes everyone should have access to free state services and allows those who can afford it to buy private health insurance.

Citing research to be released next week, Prof McIntyre said yesterday the internationally accepted proportion of income households could afford to spend on healthcare was 10%. But four out of 10 families who belonged to medical schemes paid more than this already.

“Low-income medical scheme members will face an affordability problem: some of them will drop out. At the upper end, people will be prepared to pay more to have both NHI and medical scheme membership.”

NHI would also press medical schemes to redesign their products to give patients benefits they could not get from the state, she said.

Dr Jonathan Broomberg, CEO of SA's biggest medical scheme administrator, Discovery Health, questioned Prof McIntyre's projections, saying it was “too early to make any predictions about medical scheme members dropping until we have more information on the benefits of NHI, its funding and access”.

Econex economist Mariné Erasmus said she also expected a drop-off in medical scheme membership, but was unable to quantify the exodus.

“We haven't done the research. With the quality difference between public and private sector in SA, international norms (regarding the proportion of household income spent on private healthcare) are not generally applicable,” she said.

“Since the public generally sees it as a risk to go public, we probably won't see that much of a drop-off. People would drive cheaper cars, and wouldn't eat out so much to be able to afford private healthcare.”

The chairwoman of the ministerial advisory committee on NHI, Dr Olive Shisana, said: “It’s an open- ended question that depends on one’s income and other responsibilities. NHI is supposed to be providing good quality. No facility will become part of NHI unless it meets certain standards. It has to be good enough to be used — whether it is a GP, public or private facility. If a facility is not ready, it will just get a global capitated budget and won’t get an NHI budget.”

The Democratic Alliance’s Mike Waters said Parliament should ask the NHI committee for more detail on its proposals, particularly the models used to predict that it would cost R128bn in 2012, rising to R376bn in 2025.

kahnt@bdfm.co.za

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