

GOVERNMENT

# NHI: “We’re shooting ourselves in the foot”

Staff Writer · 29 Aug 2023



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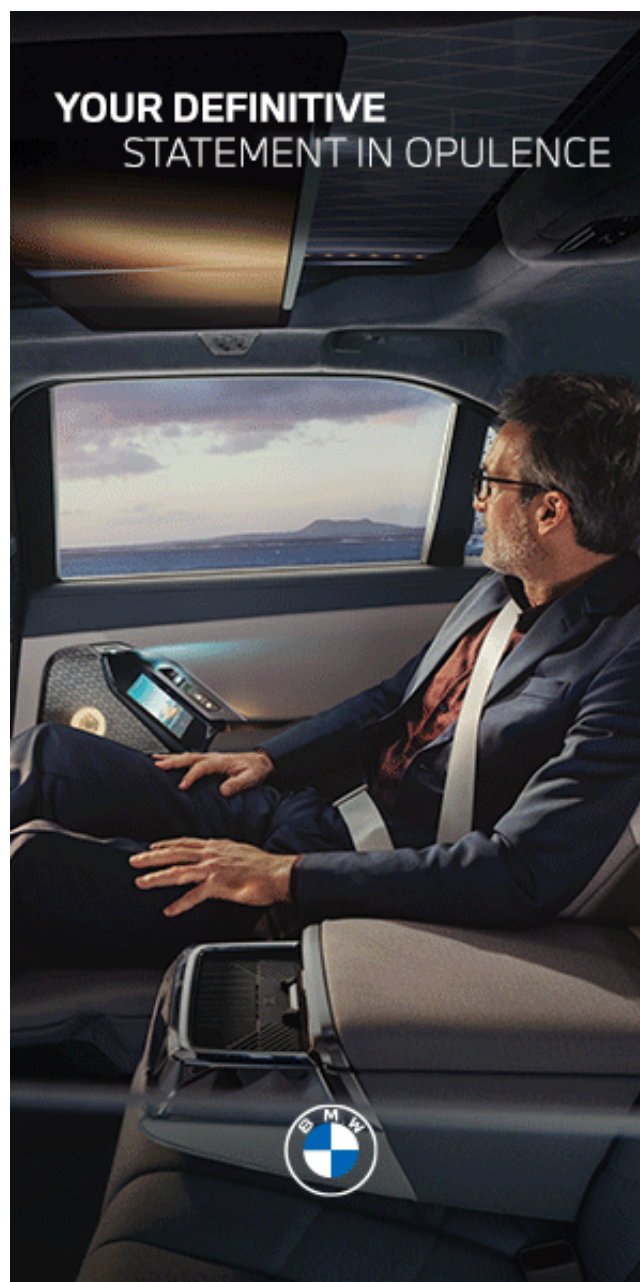
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Business Unity South Africa (BUSA) chief executive Cas Coovadia says that the current National Health Insurance (NHI) Bill before parliament will lock out the private sector from healthcare to a great extent – which he says is a shot in the foot for the country.

Speaking to [Newzroom Afrika](#), Coovadia said that while BUSA supports the principle of universal healthcare, there are far better and far more effective means of accomplishing this.

“We believe that universal healthcare can be achieved with the optimal use of resources that are both within the public and private sectors,” he said

“The bill, as it is currently drafted, talks about the single fund model – a fund run by (the) government that will effectively have a monopoly on healthcare for citizens in this country.”

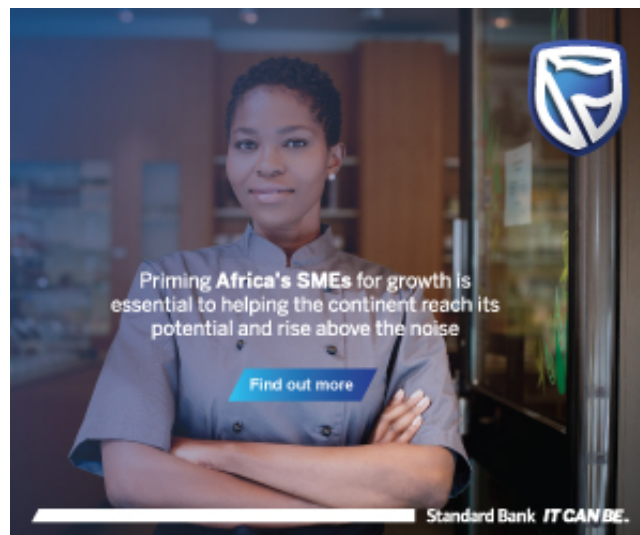


The BUSA head said that that bill is unworkable and will “to a great extent not create an environment for the inclusion of the private sector”.

**“We believe that it’s actually shooting ourselves in the foo,”** he said. “We’ve got a very good private healthcare sector. It has its problems, and we need to deal with those problems – but we have a public healthcare sector that also has its problems.”

Coovadia said that the problems in both sectors can only be addressed by dealing with the issues in concert. There are already examples of this, he said – Covid-19 was one, and the government working with the private sector to deal with the energy crisis right now is another.

## The big funding question



The question that continues to hang over the NHI is that of funding.

The government has given no indication of what the scheme will cost to run each year, nor has it given any solid information on how any funds would be brought in.

The health department has only gone as far as confirming that “government” will pay for it – this means taxpayers.

Indications are that the government will lean into payroll taxes and other mandatory payments. Research from other groups have pointed to VAT hikes, higher income taxes

and surcharges as being needed to ensure enough money can be brought in.



According to Coovadia, the government itself calculated that it would need R300 billion a year to run the system. Extrapolating that to today, it would be **around R500 billion a year**, he said.

“There’s no way that you can tax for that. We have a very narrow tax base – too few people paying taxes – this will actually just reduce that even further,” he said.

He described the current fiscal situation as a “perilous” one, where the government already can’t fund what it needs to in social services. Prospects for 2023 are looking



even worse, with a twin deficit threatening to put revenue under more strain.

“We need to get more people into the tax system – and you don’t do that by increasing taxes substantially,” he said. “Government has not put a viable funding plan on the table.”

## **End of private healthcare?**

For its part, the national Department of Health has tried to address worries over the NHI through a ‘comprehensive’ Q&A about the system.

On the question of private healthcare, it said that the NHI would not kill off the private sector but rather include it within the framework.

Private healthcare providers would register with the scheme and service patients as they already do. One huge caveat, however, is that they would not be able to set their own prices.

Medical aids, meanwhile, are another story – under the NHI, their services would diminish significantly, possibly to the point they become obsolete.

On the question of funding, however, the department remains vague.

No matter how the government tries to spin it, however, analysts, businesses leaders and commentators are generally unconvinced.

The NHI has been described as unworkable, unviable and impossible – with some calling it a vote-farming exercise ahead of the 2024 national elections.

The NHI Bill is currently before the National Council of Provinces for concurrence. If approved, the next step is for the bill to be sent to the president to be signed into law.

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