

# YOUR HEALTH MATTERS



## NATIONAL HEALTH INSURANCE BILL

AUGUST 2019

### INTRODUCTION

The Minister of Health, Dr Zweli Mkhize tabled a revised National Health Insurance (NHI) Bill on 8 August 2019. The Act (once enacted) establishes the National Health Insurance Fund, through mandatory prepayment. The NHI fund will be the single purchaser and payer of defined healthcare services in South Africa. This is intended to ensure equity and fairness in healthcare distribution and will achieve efficiency through the pooling of funds and strategic purchases of healthcare services.

### TRANSITIONAL ARRANGEMENTS

As outlined in the Bill, NHI will be introduced in 2 phases:

#### Phase 1 (2017 to 2022)

- Continue implementing health system strengthening initiatives, including alignment of human resources with NHI requirements.
- Develop NHI legislation and amend related legislation
- Establish institutions which will be the foundation for a fully functional NHI.
- Purchasing of health care services for vulnerable groups, including children, women, elderly, and people with disabilities or mental illness.

During phase one, the Minister would be able to establish various interim committees to advise him on the implementation of the NHI, pertaining to tertiary healthcare services, human resourcing, healthcare benefits, and health technology, amongst others.

#### Phase 2 (2023 to 2026)

- Continued strengthening of health systems.
- Mobilisation of additional resources.
- Contracting selected health care services from private sector providers.

## REGISTRATION OF USERS

Beneficiaries must register as users of the Fund at an accredited private or public health facility.

The following individuals are eligible:

- SA Citizens
- Persons permanently resident in SA
- Refugees
- All inmates provided for in Section 12 of the Correctional Services Act
- Certain categories of foreign nationals as determined by the Minister of Home Affairs
- All children, including those of asylum seekers and illegal immigrants are entitled to basic healthcare services as provided for in Section 28(1)(c) of the Constitution
- Asylum seekers and illegal foreigners will only be entitled to emergency medical service and services for notifiable conditions of public health concern.
- Foreign visitors will only have access to healthcare services under their relevant travel insurance policies. If they do not have travel insurance, they will be treated in terms of the provisions of his/her mandatory travel insurance cover, they will have access to the benefits provided to asylum seekers and illegal foreigners.

## RIGHTS OF USERS

Registered users of the Fund will have access to healthcare services which would be free at point of care, provided that these services are procured from accredited healthcare providers, and may not be refused access to services on unreasonable grounds. Services are to be available within a reasonable time period. Users may also purchase services not covered by the Fund through complementary products (medical aids, private health insurance) or pay for these out of pocket.

## HEALTH CARE SERVICES COVERAGE

Users may only access services at healthcare service providers at which they are registered to access those services, although the Act makes provision for users to access services at alternate providers if they are unable to use the services where they have registered.

Users must first access healthcare services at the primary care level, and must adhere to referral pathways prescribed for healthcare service providers. Users will not be entitled to care should they fail to adhere to these pathways.

Treatment will not be funded in instances where medical necessity does not exist, if no cost effective intervention exists, or if the healthcare product falls outside of a formulary. In these instances, users may pay for these services directly or make use of complementary products.

## NATIONAL HEALTH INSURANCE FUND

The NHI Fund will be established as an autonomous public entity with the following functions:

- Attain universal healthcare coverage
- Pool resources to actively purchase and procure healthcare services, medicines, health goods and health related products on behalf of registered users
- Enter into agreements with accredited healthcare providers, to ensure a sufficient quantity and quality of services are procured, to ensure no interruption to the supply of services are experienced
- Reimburse accredited providers timeously in accordance with the quality and value of services provided
- Determine payment rates and tariffs for services annually, to ensure the lowest possible price for services procured

- Collate utilisation data and implement management information systems to assist with monitoring and evaluating the quality of healthcare services to maintain a database on the demographic and epidemiological profile of the population
- Undertake research, monitoring, evaluation and development of the Fund on healthcare outcomes

The Fund should operate in a cost effective and efficient manner.

## **GOVERNANCE OF THE NHI FUND**

A Board of up to 11 people, who are not employed by the State or by the Fund, will be recommended by the Minister and appointed by Cabinet to govern the Fund for a term not exceeding five years which is renewable once.

The individuals appointed must have appropriate expertise and experience in health care financing, health economics, public health planning, monitoring and evaluation, law, labour, actuarial sciences, information technology and communication, and must be a fit and proper person. These individuals must also not have any personal or professional interests in the Fund or the healthcare sector which would interfere with their duties as a Board member of the Fund.

A Chairperson and Deputy Chairperson will be appointed by the Minister from amongst the Board members appointed. The Minister may remove a Board member or dissolve the entire Board if the Minister loses confidence in the Board member or Board's ability to function effectively and in good faith.

The Board will short list and recommend candidates for the positions of CEO to the Minister, who will then make an appointment. The CEO will hold a term not exceeding five years, renewable once. The Board may recommend to the Minister the removal of the CEO if the Board feels that the CEO no longer meets the requirements to perform his/her duties.

The CEO will be responsible for establishing the different units within the Fund to ensure the Fund operates optimally, and reports directly to the Board.

## **ADVISORY COMMITTEES ESTABLISHED BY THE MINISTER**

The Minister after consultation with the Board will establish the following committees:

- Benefits Advisory Committee to assist with the determination and review of:
  - The healthcare benefits and types of services to be reimbursed at each level of care
  - Detailed cost-effective treatment guidelines
  - The healthcare benefits provided by the Fund
- Healthcare Benefits Pricing Committee to recommend the prices of healthcare benefits to the Fund
- Stakeholder Advisory Committee comprising of representatives from various stakeholders

## **SOURCES OF INCOME**

The revenue sources of the fund include:

- Money appropriated by Parliament annually collected in accordance with social solidarity from:
  - Existing general tax revenue;
  - Reallocation of funding for medical scheme tax credits;
  - Payroll tax
  - An additional surcharge on income tax

## **THE ROLE OF MEDICAL SCHEMES**

Medical schemes will operate in tandem with NHI once the NHI is fully implemented, which is anticipated for 2026. Medical Schemes may only offer complementary cover to services not covered by the Fund.

The Bill proposes amending Section 1 of the Medical Schemes Act to amend the definition of the “business of a medical scheme” to include the clause “that is not covered by the provisions of the National Health Insurance Act, 2019” or “is complementary to health care services funded by the State” wherever the healthcare services definition appears in the Medical Schemes Act. Other sections of the Medicals Schemes Act (section 2, section 24 and section 33) are proposed to be amended in a manner requiring consideration of the provisions of the National Health Insurance Act, 2019.

## CONCLUSION

Alexander Forbes Health fully supports the noble initiative to achieve universal coverage for healthcare services for the population of South Africa.

Key concerns remain about the actual cost and funding of the NHI, due to its impact on the fiscus and taxpayers. It is clear from the Bill that all individuals who are able to contribute to the NHI will be required to do so, regardless of whether or not, they choose to have private Medical Aid or Health Insurance.

In addition, we eagerly await more detail as to the actual benefits that will be covered under NHI. This will have significant influence on the roll of the private healthcare funding, as well as the rights of the individual to access quality healthcare services as per their individual need and preference.

Additional information on these matters is eagerly awaited, and are likely to form the crux of the debate of this Bill, although the memorandum on the objective of the Bill indicate that this information is unlikely to be received before 2022.

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