

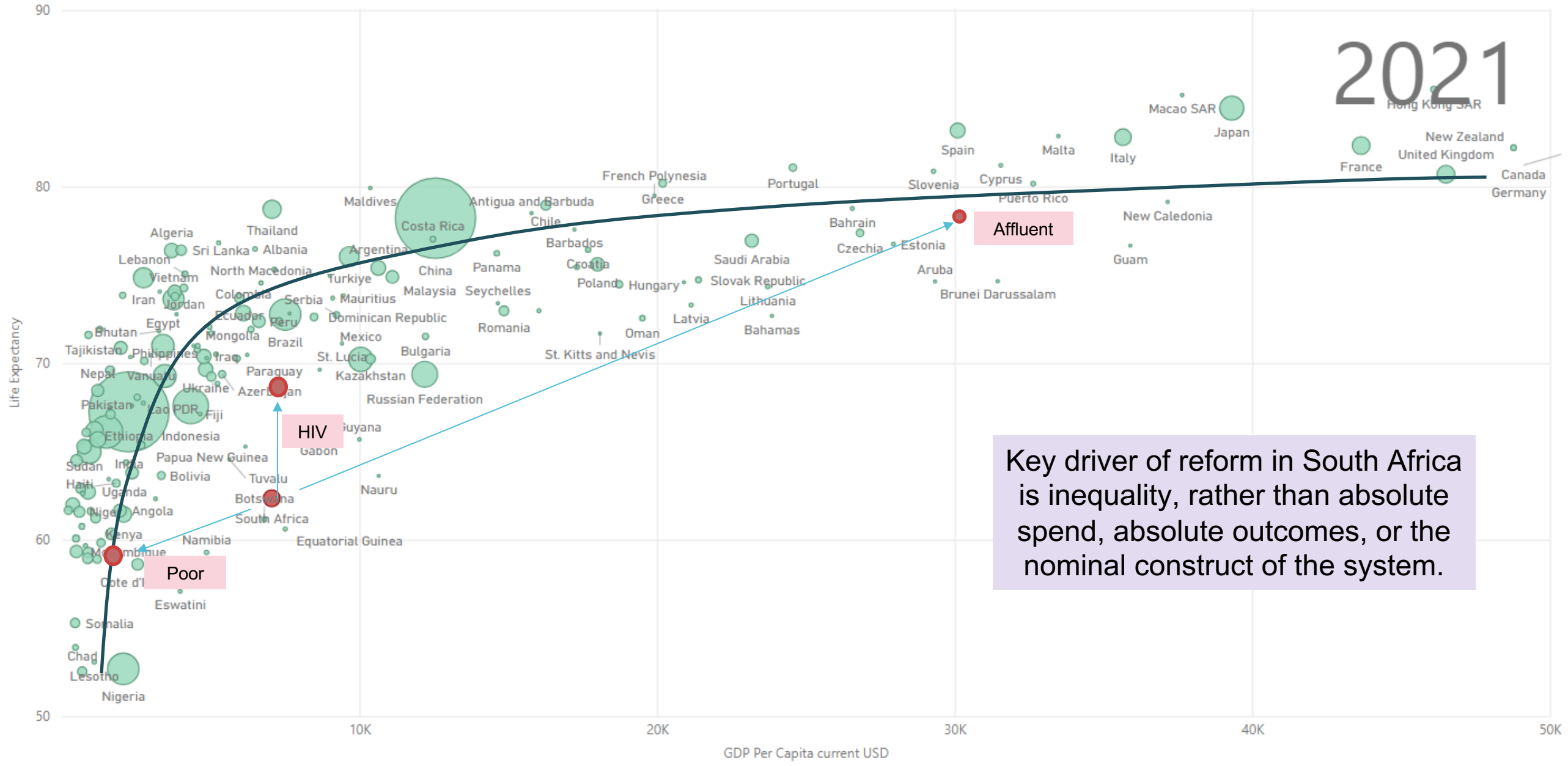
foresight
dialogues 2024



**Changing your
perspective on NHI**



BE THE
Change

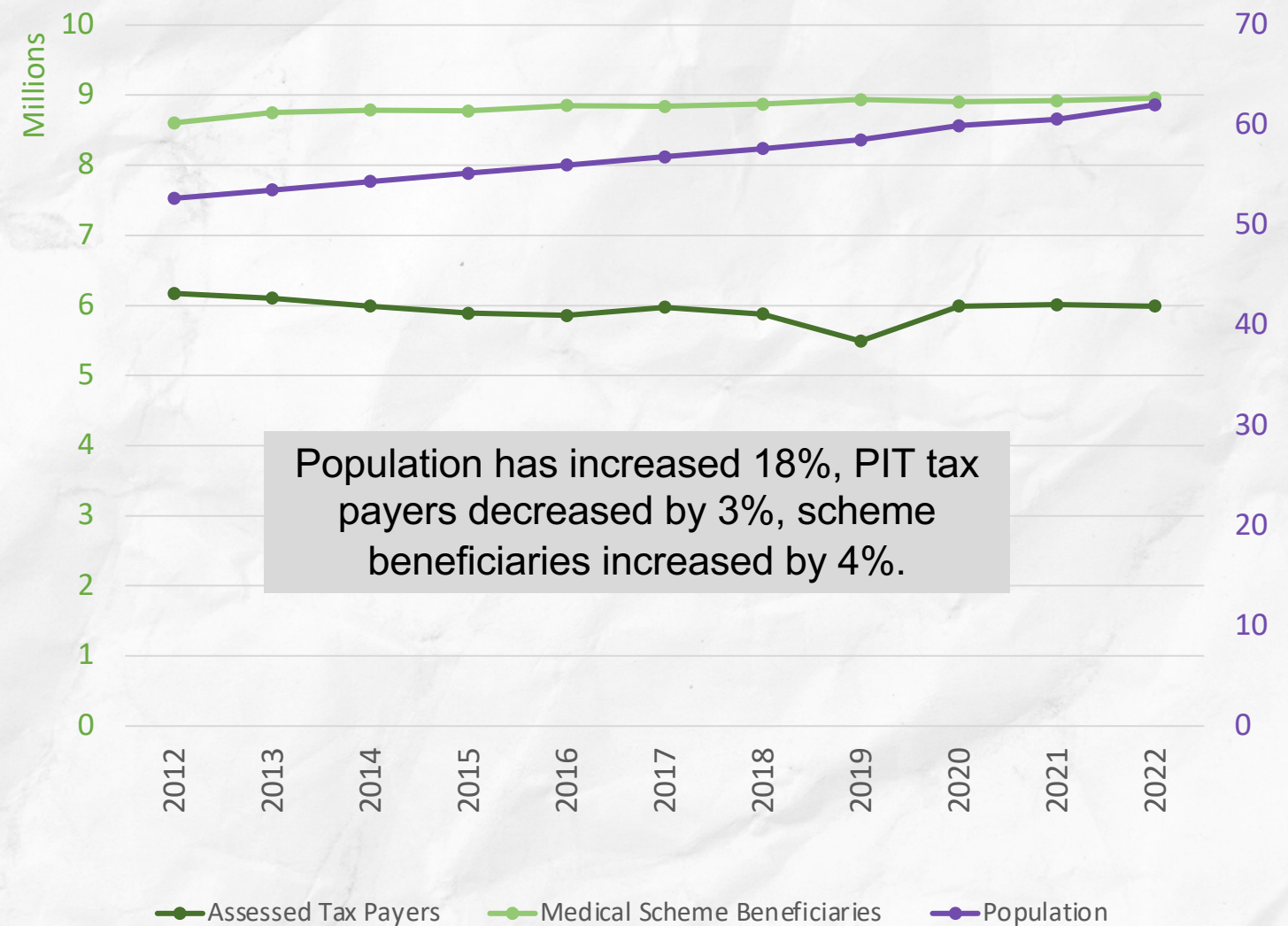


Medical Schemes are alive and resilient despite regulatory neglect and being labelled unsustainable for the last 25 years. They are not “stagnant” as many suggest.

Key determinant is number of jobs and income levels.

Affordability pressure is extremely high, evidenced through buying of less cover, new options being mostly provider-network structured, insurance market bubbling actively underneath. Scheme contribution increases will remain above inflation.

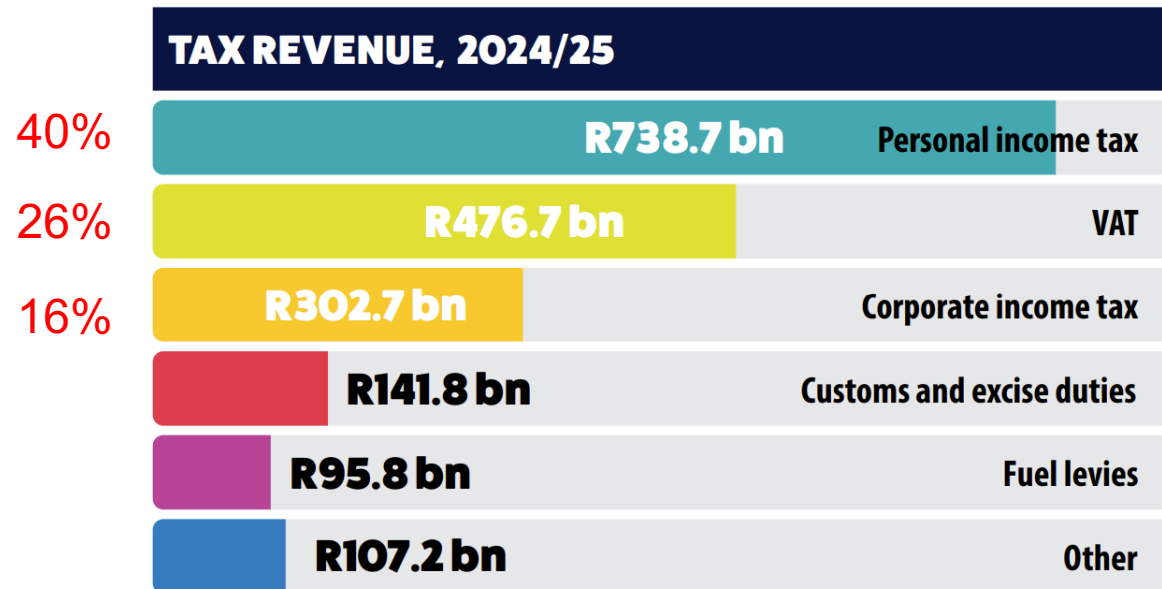
We need a long hard look at what can be done to reduce costs in the private system if we are to survive and thrive over the next 20 years.





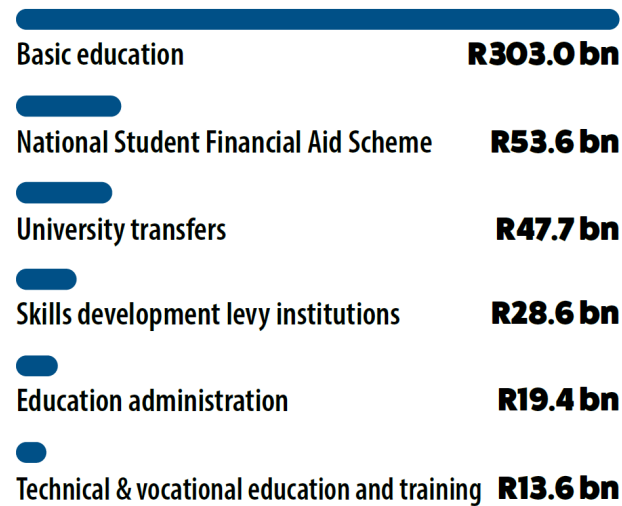
CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK				
R billion/percentage of GDP	2023/24	2024/25	2025/26	2026/27
	Revised estimate	Medium-term estimates		
Revenue	1 921.4	2 036.6	2 176.4	2 323.6
	27.3%	27.3%	27.5%	27.6%
Expenditure	2 268.9	2 369.0	2 471.4	2 597.8
	32.2%	31.8%	31.2%	30.8%
Budget balance	-347.4	-332.4	-295.0	-274.2
	-4.9%	-4.5%	-3.7%	-3.3%
Gross domestic product	7 049.0	7 452.2	7 913.8	8 422.3

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION					
R billion	2023/24	2024/25	2025/26	2026/27	2023/24–2026/27
	Revised estimate	Medium-term estimates			Average growth
Learning and culture	468.4	480.6	499.3	525.8	3.9%
Health	267.3	271.9	281.1	295.2	3.4%
Social development	368.5	387.3	385.0	398.9	2.7%
Community development	251.5	265.3	274.9	287.1	4.5%
Economic development	239.8	255.4	274.9	288.4	6.3%
Peace and security	236.8	244.0	254.5	266.5	4.0%
General public services	76.9	74.7	77.5	79.3	1.0%
Payments for financial assets	3.5	2.6	2.0	1.8	
Allocated expenditure	1 912.7	1 981.8	2 049.1	2 143.1	3.9%
Debt-service costs	356.1	382.2	414.7	440.2	7.3%
Contingency reserve	–	5.0	7.6	14.5	
Consolidated expenditure	2 268.9	2 369.0	2 471.4	2 597.8	4.6%

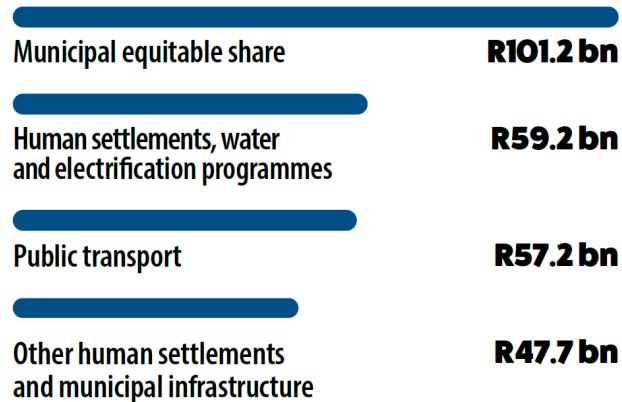


14% (12%)
19% (16%)

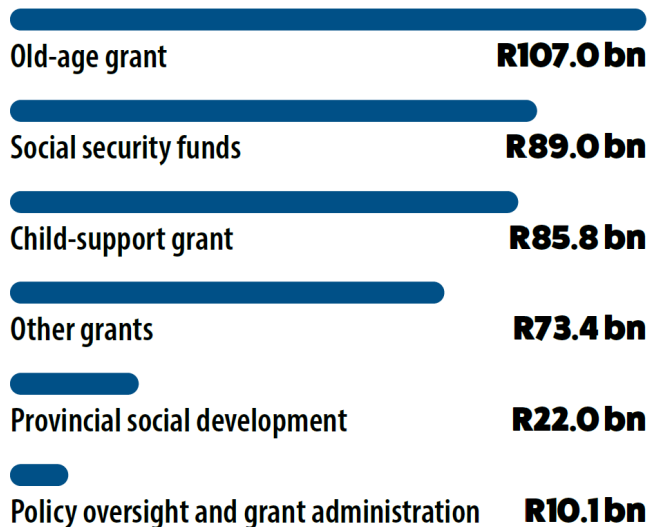
19% (16%)



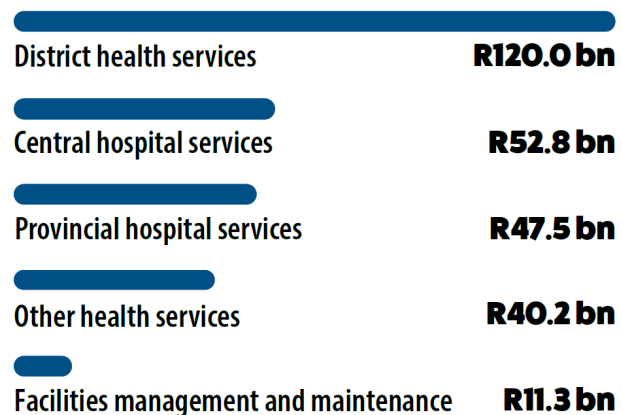
R480.6 bn
LEARNING AND CULTURE



R265.3 bn
COMMUNITY DEVELOPMENT



R387.3 bn
SOCIAL DEVELOPMENT

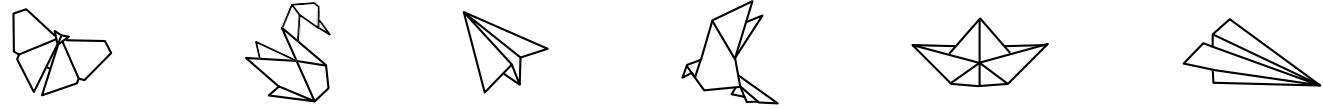


R271.9 bn
HEALTH

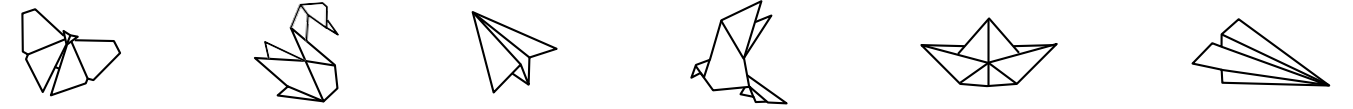
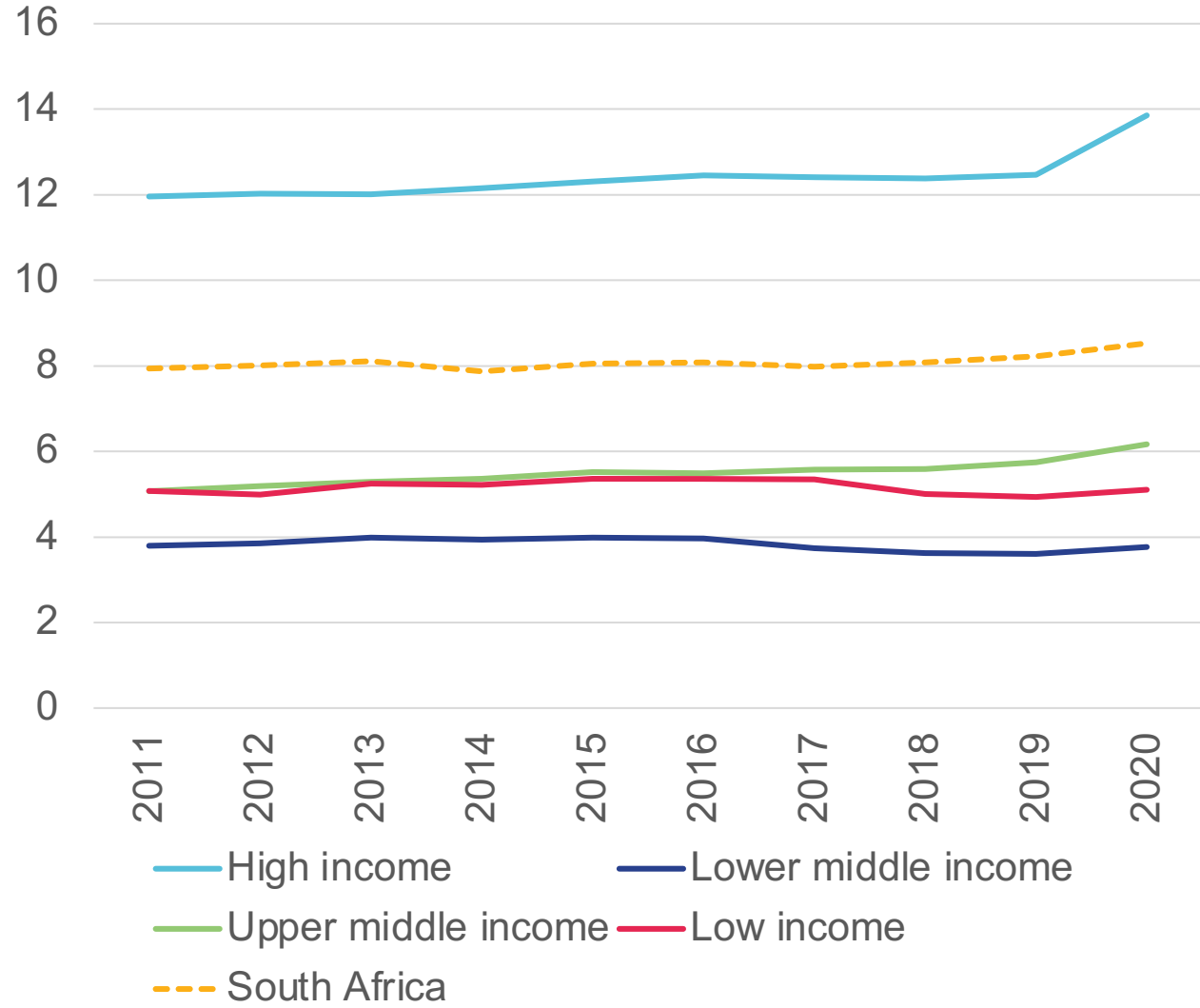
Health is 14% of government expenditure excl interest (12% including interest).

This is already close to what governments historically agreed to as a target spending level (15%). Combining all SA's health expenditure into the NHI would push government health spending far out of line with international norms and unbalance South Africa's overall government expenditure.

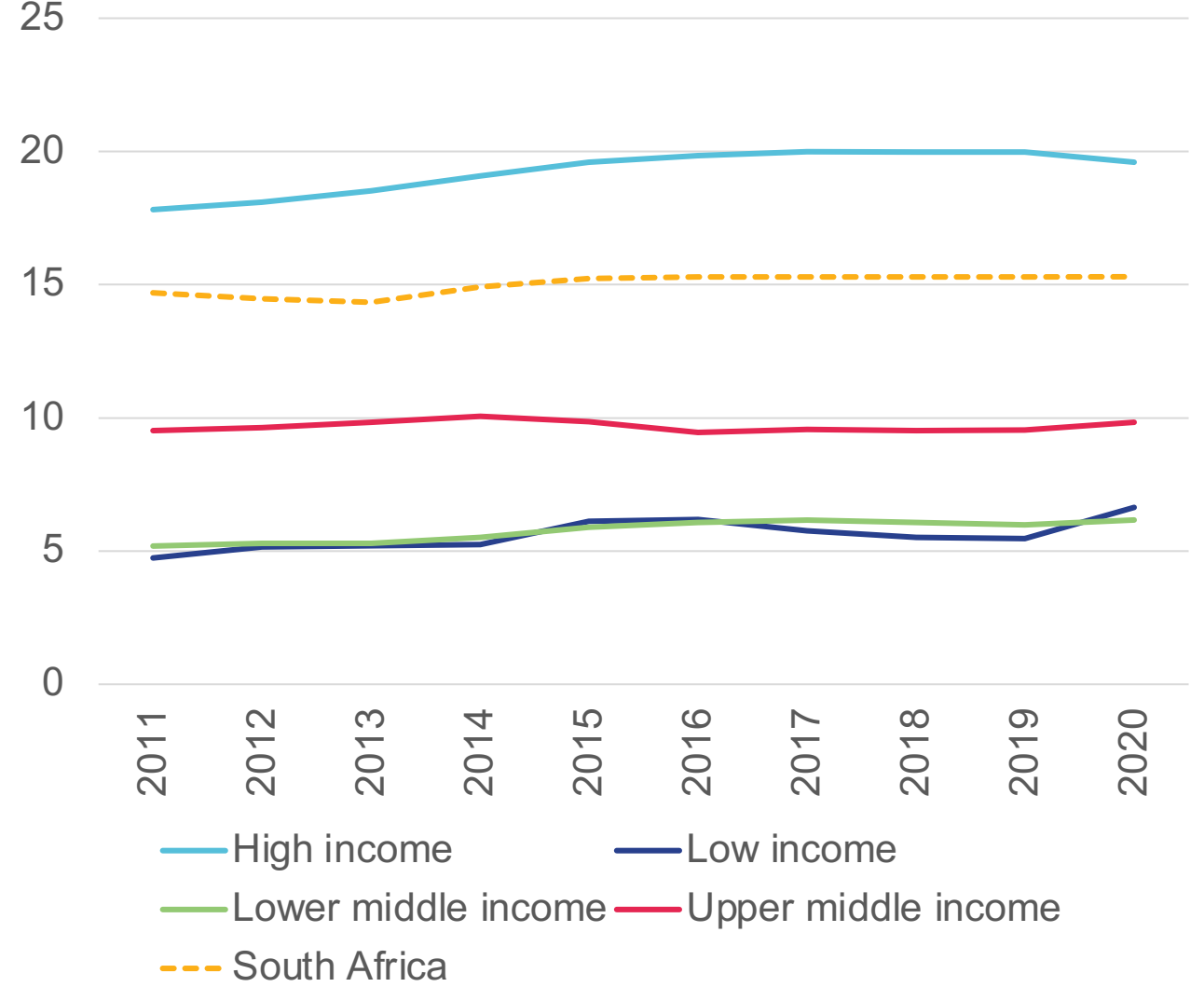
If Government could raise R250bn in additional tax revenue, there would be a queue of demands to be prioritised, regardless of the substitutability of medical scheme premiums and an NHI tax.

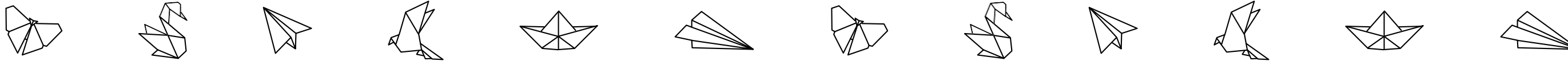


Overall healthcare spend as % of GDP

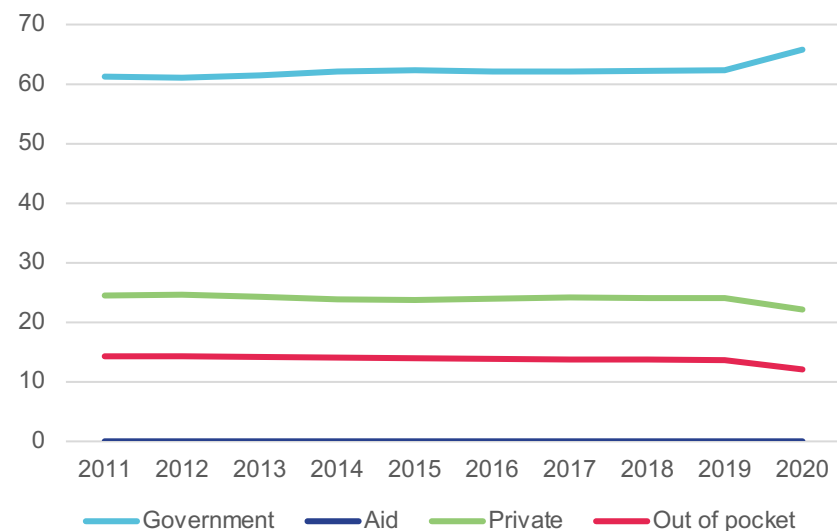


% of Government spending on health

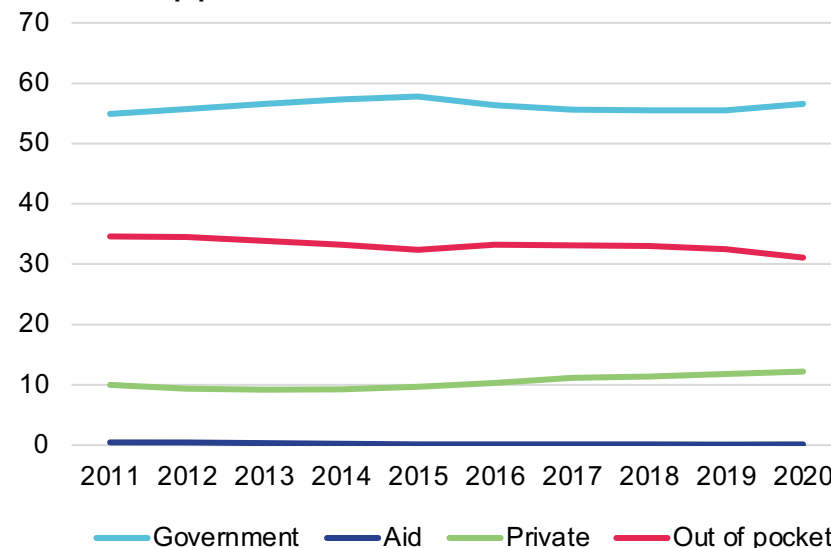




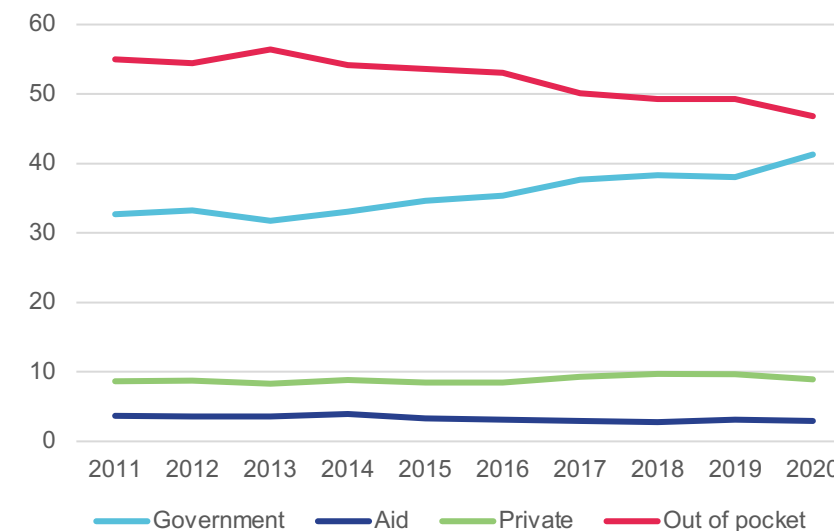
High income countries



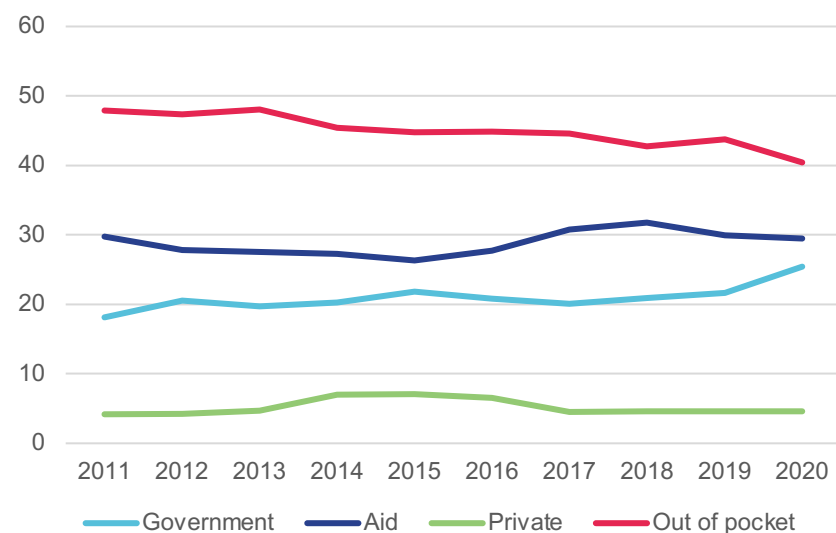
Upper middle income countries



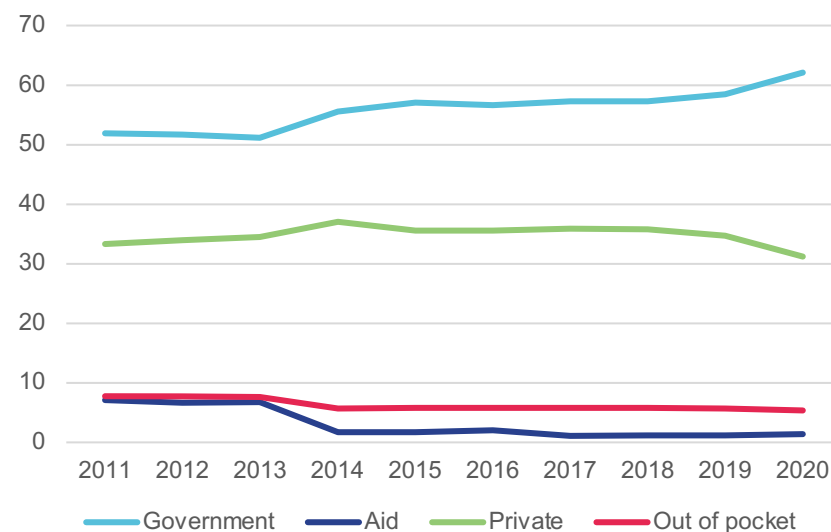
Lower middle income countries



Low income countries



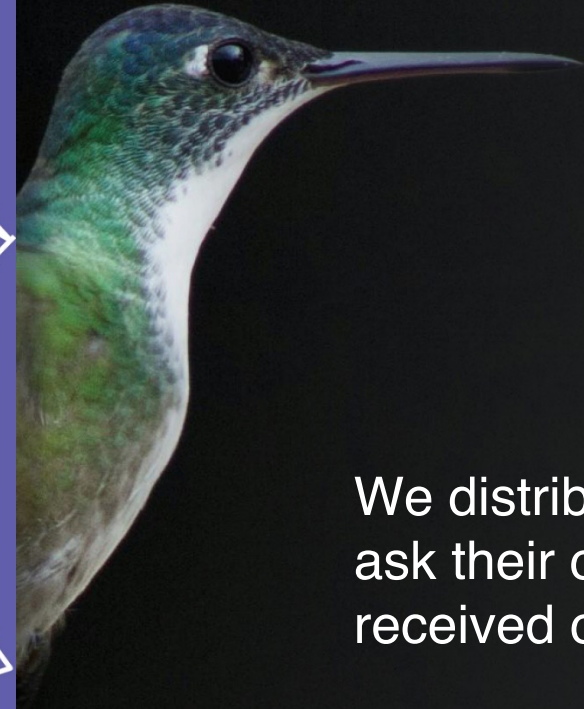
South Africa



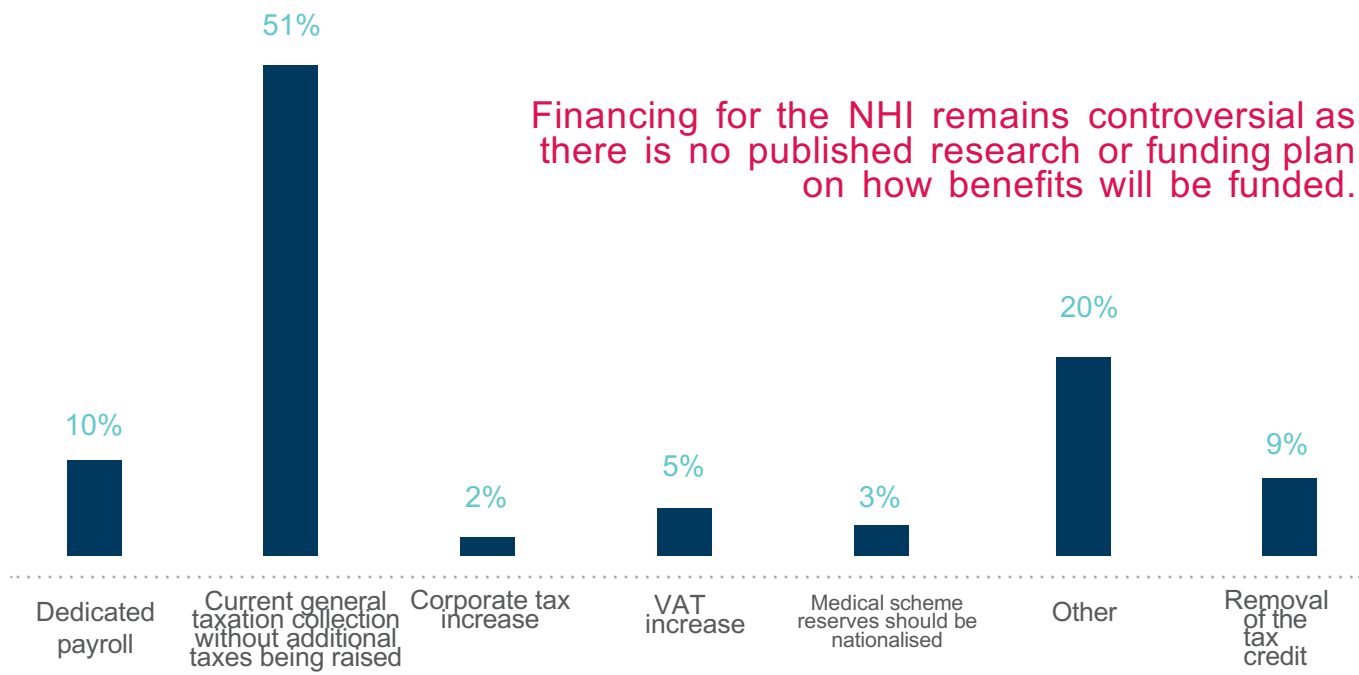
South Africa is distinct in having organised its private expenditure into risk pools rather than out of pocket. Government share of expenditure on health is in line with UMIC comparators.

Share of health expenditure

An employers perspective



We distributed a survey to employers to ask their opinions about NHI and received over 100 responses.



Financing for the NHI remains controversial as there is no published research or funding plan on how benefits will be funded.

WE ASKED

Of the following options, how do you think the NHI system should be funded?

WE ASKED

How confident are you in the short-term and long-term success of the NHI system?



With many failed parastatals and poorly functioning institutions, and all eyes on the newly formed government of national unity, confidence in the government is in a state of flux. It would seem advisable to build confidence in the NHI based on some policy and public management successes rather than on the prevailing level of mistrust.

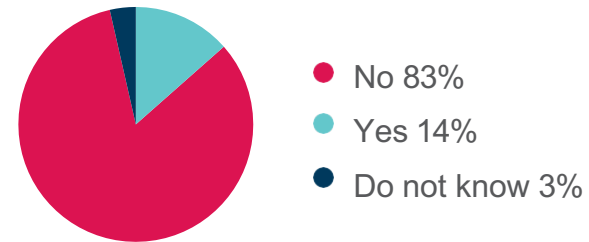
Overall confidence is low. 77% of respondents say they have no confidence at all that the NHI system will succeed in the long term, and 89% have no confidence that it will succeed in the short term.



WE ASKED

Do you believe that the NHI, together with medical schemes providing top-up cover, will provide equivalent or better healthcare to South Africans who are members of medical schemes?

A high majority of respondents
83% believe there will not be better healthcare under the NHI than under medical schemes.



The current private sector has notable problems including high costs, the cost of fraud, waste and abuse, fragmentation of care, complicated benefit structures, and difficulties navigating the system. Despite these challenges, satisfaction with the private sector remains higher than with the public sector alternative.

WE ASKED



Do you believe that the NHI will provide better healthcare for unemployed and informally employed South Africans compared to what is available right now?


One of the core objectives of the NHI reform is to improve equity in the system and access to health for the poor. But 60% of respondents do not believe things will improve for those cared for by the public sector.

33% of respondents said yes.

60% of respondents said no.

07% of respondents said they do not know.

If you'd like a copy of the survey results please let us know



The signing of the NHI Bill will, at last, begin the long and complex series of reforms and actions necessary to bring the Fund into being and start operating.

It is a long and winding road and is expected to be contested at many points along the way, including at the very outset, from multiple vectors.

The design and route to a new more unified system is complex and not at all clear.

We all have a lot of work to do to improve our own system, to engage a wider set of stakeholders, and this can start with changing our perspective

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