

# FISH HOEK VALLEY RATEPAYERS & RESIDENTS ASSOCIATION

*(Incorporating Fish Hoek, Clovelly and Sun Valley)*

~~65B Central Circle, Fish Hoek 7975~~

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Heritage Western Cape: Conservation Body

**TO: NATIONAL COUNCIL OF PROVINCES**

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**SUBJECT: COMMENTS ON THE NATIONAL HEALTH INSURANCE (NHI) BILL**

**DUE DATE: 1 SEPTEMBER 2023**

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The Bill provides for the establishment of the National Health Insurance Fund aimed at promoting universal access to quality health care, which is laudable. The plain fact is that this Bill is simply unaffordable, particularly as it would require an extensive administrative apparatus. A related concern is the extent to which the NHI will rely on the public health care system to deliver services and the capacity of that system to provide an acceptable quality of services. Given the dire state of public health care in our country, it is surprising that the Government persists with plans to spend vast resources on implementing the NHI. Those resources would greatly improve the delivery of quality health care – and universal access to that care – if they were deployed directly in the public health sector.<sup>1</sup>

Many of our members are retired after having worked their entire lives in one company to be able to afford, through employer co-payments, medical schemes. However, the NHI will do away with the benefits we have accrued through medical schemes as the NHI fund will have to start from scratch with medical schemes only being allowed to provide complementary cover for services not reimbursable by the Fund. Therefore, those of us retired ask for an “opt out of NHI” option. Medical expenses increase later in life.

Our still working members have requested a “phasing-in of NHI” option. For those nearing retirement, they may wish to have a hybrid NHI plan based on their number of years of service to their employer. Both the “opt out” and “phase in” plans will improve the affordability of NHI for all and allow the requisite improvements in the health system to handle large central purchasing of medicines and additional paperwork required, which will improve the chances of success. Also, corruption can be rooted out early before full funding is provided.

To our disappointment, many of the key issues are not defined in this bill, such as the extent of the healthcare service benefits (vs costs) and the rate of funding reimbursement (affordability). Thus, the quality goal of health care is not stated. The rules on portability, which will allow patients to be treated by registered service providers is missing as is the referral pathways between service providers. A single coding system has not been chosen. The relationship between the Fund and medical schemes is not defined.

The first annual reimbursement payment rate (Clause 39(2) and Clause 10(1)(g)) needs to

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<sup>1</sup> Webber Wentzel's The National Health Insurance Bill by Martin Versfeld, Prelisha Singh, Glenn Penfold, Robert Appelbaum

be included with this bill in order for the medical schemes to be able to determine if they must close shop immediately and terminate all its employed administrators.

Clause 38(6) is unworkable as service providers have to procure from suppliers chosen by the Fund. This messy relationship between public and private procurement, reduces competition and unduly restricts private service providers in the conduct of their business.

In clauses 4(1) and 7(1), the Minister is to concur in the purchase of health care services. This is not feasible due to the constant high volume of work required. The Fund's Benefits Advisory Committee must determine the benefits, not the Minister.

Clause 49 of the Bill states that the Fund's chief source of income will be money appropriated annually by Parliament. This must be appropriated from collections of, among others, general tax revenue, a payroll tax and a surcharge on personal income tax. However, Clause 49 is difficult to reconcile with Clause 2, which states that the Fund will be funded through "mandatory prepayment" (a term that is defined as "compulsory payment for health services before they are needed in accordance with income levels"),

A workable proposal is a progressive mechanism for cross-subsidisation between schemes, making scheme membership compulsory for those who can afford it, and over time, using tax revenue to pay for scheme membership for the unemployed (although this last element, like NHI, does come with a big question mark on affordability). Corruption must be rooted out along the way. <sup>2</sup>

## Summary

We, the Fish Hoek Valley Ratepayers & Residents Association (FHVRRA) recommend:

- on behalf of our retired members, that an "opt-out" option be allowed; and
- on behalf of our still working members, than a "phase-in" option be allowed.

The Fund's Benefits Advisory Committee must determine the benefits, not the Minister.

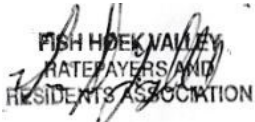
In general, this bill seems half-baked and needs further ingredients added:

- the extent of the healthcare service benefits;
- the rate of funding reimbursement;
- the rules on portability;
- the referral pathways between service providers;
- the choosing of a single coding system with phasing-in of suppliers and providers;
- the defining of the relationship between the Fund and medical schemes;
- the inclusion of the first annual reimbursement payment rate;
- the award of tendered suppliers; and

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<sup>2</sup> [https://www.dailymaverick.co.za/article/2023-08-02-nhi-there-are-other-paths-to-quality-universal-healthcare/?utm\\_medium=email&utm\\_campaign=Maverick%20Citizen%208%20August%202023&utm\\_content=Maverick%20Citizen%208%20August%202023+CID\\_80b79651fda216873b1bdd2390cc6600&utm\\_source=TouchBasePro&utm\\_term=There%20are%20paths%20to%20quality%20universal%20healthcare%20besides%20NHI](https://www.dailymaverick.co.za/article/2023-08-02-nhi-there-are-other-paths-to-quality-universal-healthcare/?utm_medium=email&utm_campaign=Maverick%20Citizen%208%20August%202023&utm_content=Maverick%20Citizen%208%20August%202023+CID_80b79651fda216873b1bdd2390cc6600&utm_source=TouchBasePro&utm_term=There%20are%20paths%20to%20quality%20universal%20healthcare%20besides%20NHI)

- the identification of the source of funds (Clause 49 v Clause 2). For affordability of the NHI, please see our workable, cross-subsidisation between schemes proposal.

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