



NEWSFLASH

AUGUST 2011

*'Health is like money,
we never have a true
idea of its value until
we lose it'*

Josh Billings

*PSG Konsult Corporate
'PSGK Corporate' is part
of the PSG Konsult
Group - one of the
largest independent
financial services
providers in South Africa
today and focused on
serving the SME,
institutional and public
sector markets.*

IN THIS ISSUE

- Final test for health scheme
- Organ Donor Awareness Month

Final Test for Health Scheme

The Health Department has finalised its long-awaited national health insurance (NHI) green paper and it will be submitted to Cabinet early next week for "final clearance", according to Health Minister Aaron Motsoaledi. The document was first submitted to Cabinet in April, after which it was returned to the Department of Health so that changes could be made to the paper's outline and details of the "re-engineering" of South Africa's health system added. The controversial NHI scheme is set to be introduced over a 14-year period starting next year. It is expected to make provision for a government-managed "central purchaser" of healthcare services. Only state-accredited healthcare providers will be permitted to contract their services with the NHI and, through a tax, membership of the scheme will be compulsory for all South Africans. Citizens will, however, be allowed to purchase additional private medical insurance.

Motsoaledi was positive that the revised green paper would be approved by Cabinet, after which a white paper would be released for public comment. The Minister said the document allowed for "several different NHI options to be discussed", but did not want to expand further on its content. Following the release of an ANC discussion paper on the NHI last year, the scheme has been met with resistance on several fronts and from various leading players in South Africa's healthcare sector. The ANC document suggested that the NHI be funded through a combination of three sources: a "surcharge" on taxable income, payroll taxes for employees and employers and an increase in value-added tax (VAT) to be dedicated to the NHI. The paper proposed earmarked payroll taxes at one percent for the lowest-income earners, rising to a maximum of about eight percent for high-income earners. In conjunction with an increase in general taxes, it said, this should raise the percentage of gross domestic product spent on healthcare from 3.4 percent to eight percent.

But this proposed level of spending is far too high, according to Alex van den Heever of the University of the Witwatersrand's School of Public and Development Management. He said that no other developing countries spent anywhere close to this level on public health. Should this spending strategy be suggested in the white paper, said Van den Heever, it would require that personal tax rates rise to implausible levels, with a general doubling of tax rates. He suggested that the situation should also be considered in light of the fact that only a miniscule portion of the country's - population paid taxes.

But several sources in South Africa's health industry said it was unlikely that the white paper would recommend an immediate introduction of significant payroll taxes. Dr Jonathan Broomberg, chief executive of Discovery Health, said he expected it would take "quite some time" for full implementation of new taxes to fund the NHI because of the potential risk additional taxes posed to the critical government strategy of job creation.

Final Test for Health Scheme continued...

He said he did not expect any NHI premiums, or at the very most a minuscule percentage.

Another contentious issue in the white paper is likely to be the proposed administration of the NHI. Managing a health insurance scheme for a population of more than 50-million people will require an enormous amount of staff, said health sector sources. Discovery Health employs more than 3 000 people to serve 2.55-million members. This gives some indication of the scale required of an administrative agency to service the entire country. Many in the health industry argue that the government does not have the capacity to administer an NHI system effectively and that it should therefore use the skills of medical aid schemes for this purpose. Graham Anderson of the Profmed medical insurance scheme said the government should not try to reinvent the wheel. He said the private medical aid infrastructure ran well, so it should be used to administer claims on behalf of the government. The government would not be able to do everything under one roof; it should outsource the service, he said.

Motsoaledi confirmed that the Board of Healthcare Funders had written two letters to him pledging "administrative support" to the NHI. He said he had not decided yet whether to accept the offer. According to Van den Heever, the proposed NHI would have to be administered over and above the public health system, "adding unnecessary complexity and cost to the system". He said it was highly unlikely that such "a complex arrangement could be financed at three percent of total expenditure, as was currently proposed in the ANC document".

The white paper is expected to generate much debate on the health benefits offered by the NHI and who will be contracted to deliver its services. Motsoaledi has repeatedly stated that private healthcare prices are "exorbitant". He said the NHI was "extremely unlikely to pay private prices". He has said that with or without an NHI, the prices of private healthcare were unaffordable and that nobody in their right mind would argue that the current situation was sustainable - not here or anywhere else in the world. The prices would have to decrease and be regulated.

Some health industry players expect that private healthcare providers will make certain concessions to the government under an NHI regime. Anderson, for example, said private hospitals "without a full occupancy rate" were likely to sell "open beds" to the state at cheaper rates.

Mia Malan: Mail & Guardian, 22 July 2011

ORGAN DONOR
FOUNDATION



"Orgust" is Organ Donor Awareness month...

The Organ Donor Foundation (ODF) is to rename August Orgust, in honor of Organ Donor Month. Under the theme Save Seven Lives, Orgust will serve to highlight the statistic that one person saves seven lives when they register as an organ donor.

Orgust will be marked by a series of events and programs including remembrance services and tribute days. The Civvies Day campaign, called "Mad Hatters Day", will be on Friday 26 August 2011. Wear your favorite mad hat to work and get your organ donor sticker for a donation of only R10.

Some interesting facts:

- There are currently 4300 people awaiting organ transplants in South Africa;
- The following organs can be transplanted: Hearts, lungs, kidneys, livers and pancreas;
- The following tissue is also used: Corneas, heart valves, skin and bone;
- People can agree to donate some organs and not others;
- Anyone under the age of 70, who is in good health, can be an organ donor.

For more information on events, or to register as an organ donor please contact the Organ Donor Foundation on 0800 22 66 11 or visit their website: www.odf.org.za.

Contact your PSG Konsult Corporate advisor for more information
on any of the topics contained in this newsflash