



NEWSFLASH

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

Josh Billings

*PSG Konsult Corporate
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IN THIS ISSUE

- NHI won't increase tax burden

NHI WON'T INCREASE TAX BURDEN

SOUTH Africa will fund a proposed National Health Insurance (NHI) programme through the fiscus, employers' contributions and other funding mechanisms, and the government does not want the plan to increase the burden on taxpayers, according to Finance Minister Pravin Gordhan. A government source, citing a policy paper to be released tomorrow, said that the NHI, which is aimed at giving greater access to healthcare for the country's poor, will require R125bn in 2012, R214bn by 2020 and R255bn by 2025.

If the NHI is implemented, it will be one of the biggest changes brought in by the ANC since it came to power in 1994. Gordhan said the government did not want to increase the burden on taxpayers with the introduction of the NHI and the programme will be funded through the public finances, contributions from employers, surcharges and partnerships with the private sector.

He said there was money in the systems and there might be extra money required. The government has previously said it was investigating how the NHI would be funded and among the options were surcharges on taxable income and VAT increases. Analysts expect the main source of revenue to come from general taxation. But Gordhan said the government did not want to burden anybody more than it needed to under normal taxation.

Health Minister Aaron Motsoaledi said at a briefing this morning that the goal was to try and finance healthcare for everybody. He said that proposed system would not be able to mirror South Africa's advanced private healthcare sector but would give millions of poor people better access to healthcare, adding that NHI was not intended to destroy the private healthcare sector. Motsoaledi said it was one meaningful way to reach across the wealth gap. All South Africans needed decent healthcare, he said.

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South Africa is spending about 8.5% of gross domestic product on public healthcare, but the standard of service is poor. Giving the majority access to world class private facilities aims to improve quality of health treatment. Contributors to private healthcare schemes are concerned that the NHI would force them to seek treatment at poorly run and overcrowded state facilities. The policy will be published in the Government Gazette tomorrow, kicking off a three-month consultation process. Health industry officials said many private healthcare providers were not opposed to the NHI. Dr Norman Mabasa, president of the South African Medical Association, said private healthcare professionals were not opposed to the NHI because it would bring more business to them, but they wanted to see what the policy document contained. He said Sama did not expect the free system to cover everything that private healthcare offered.

Reuters, 11 August 2011