**Breaking down the NHI act: Adapting to industry changes**

Kevin Aron, Principal Officer at Medshield Medical Scheme

**JOHANNESBURG - South Africans have heard the words National Health Insurance or NHI for some time now, but can one really say they fully understand what this means? Many are still at odds with what the NHI entails, how it will work from day to day, how it might impact healthcare quality, whether it will genuinely improve access for the most vulnerable, and most importantly, who will pay for it.**

The NHI Act marks a significant milestone in South Africa's journey toward universal healthcare. While it presents opportunities to create a more equitable and efficient healthcare system, it also poses challenges requiring careful navigation by all stakeholders. As South Africa anticipates these industry changes, adaptability, collaboration, and a commitment to quality care will be essential to ensuring the success of the NHI and the health and well-being of all South Africans.

The Act outlines [two phases](https://www.moonstone.co.za/medical-schemes-assure-members-that-nhi-is-a-long-way-off/#:~:text=During%20the%20debate%20on%20Ramaphosa's,committees%20of%20the%20NHI%20Fund) for its implementation: the first phase (2023 to 2026) will establish the NHI Fund and complete groundwork, and the second phase (2026 to 2028) will mobilise resources and establish the Fund as a purchaser of healthcare services through a mandatory prepayment system. Looking at other countries that have established an NHI system, these timelines look overly optimistic. Establishing the National Health System (NHS) in the United Kingdom took over 40 years. But the everyday citizen needs to know now how this transformative legislation will redefine healthcare in South Africa and what it means for members of medical schemes.

**The NHI plus medical schemes?**

One of the most contentious aspects of the NHI is its impact on existing medical schemes. Currently, South Africa operates a two-tier healthcare system, where medical schemes primarily cater to the middle and upper classes, while the public sector serves most of the population. The NHI will fundamentally alter this landscape, and some fear that [healthcare quality](https://gauteng.net/news/medical-aids-to-be-cancelled-because-of-nhi-bill/#:~:text=Continued%20Coverage%3A%20If%20you%20currently,by%20your%20medical%20aid%20scheme) might decline or that medical schemes may be wiped out altogether.

The NHI could lead to what critics call a ["triple tax"](https://businesstech.co.za/news/business-opinion/771995/nhi-triple-tax-and-the-end-of-medical-aids-what-you-need-to-know/#:~:text=With%20the%20coming%20removal%20of,aids%20at%20the%20same%20time) on South Africans, with the ultimate removal of medical schemes as a possible outcome. Once fully implemented, medical schemes will be limited to providing complementary or top-up cover for services not included in the NHI benefits package. **Unfortunately, the Department of Health has not yet clearly defined this NHI benefits package**. It could lead to a decline in membership, job losses, and reduced competition in the healthcare market. During the transition, members will **not lose existing medical aid cover**. Still, the range of services covered by medical schemes will shrink, making individuals more reliant on the NHI for their healthcare needs.

Many opinion leaders expect a 2% surcharge on income tax and a similar payroll tax, as well as removing the current tax credit for medical aid contributions. This tax hike could result in higher overall costs for individuals, particularly those who currently pay for private medical aid. Affordability remains a concern, raising essential questions about the sustainability of the NHI Fund, potential inefficiencies in its implementation, and the risk of overburdening taxpayers. To date, the government has not communicated what the cost of establishing an NHI for South Africa will be and how it will be funded.

**What stakeholders need to know**

Implementing the NHI Act will bring about significant changes across the healthcare landscape. Stakeholders, including healthcare providers, insurers, employers, and patients, must adapt to this new environment.

*For healthcare providers:*

* Accreditation and compliance - Providers must ensure they meet the NHI's accreditation standards to continue operating within the new system. It may require investments in infrastructure, staff training, and quality assurance processes.
* Fee structures - Private healthcare providers will no longer set their fees for NHI-funded services. The NHI Fund will determine these fees, which could impact the profitability of private practices and employment.
* Human resources - The NHI may shift demand for healthcare professionals, focusing more on primary care and public health. Providers will need to navigate these changes in workforce dynamics to ensure they remain competitive and still meet the needs of their patients.

*For medical schemes:*

* Product redesign - Medical schemes must adapt their product offerings to align with the NHI's scope. It could involve developing new products that provide top-up or complementary coverage and exploring other markets or services outside traditional healthcare funding.
* Member communication - Clear communication with members will be essential to manage expectations during the transition to NHI. Medical schemes must educate their members about the changes, including what will be covered by the NHI and how their current benefits will be affected. **As the NHI implementation date has not been communicated by the government, existing members of medical schemes should be cautious and remain on their current medical scheme until clear and precise information on the implementation date is announced by the government.**
* Financial planning - The financial impact of the NHI on medical schemes cannot be overstated. Schemes must reassess their economic models, pricing strategies, and investment portfolios to remain viable in a significantly altered market.

*For employers:*

* Contribution changes - Employers who currently provide medical aid benefits to their employees will need to navigate the transition to NHI. This change could involve changes in payroll systems to accommodate the new taxes or contributions and renegotiating employee benefits packages. Estimates suggest that each worker might have to pay an additional [R18,780 annually](https://dailyinvestor.com/south-africa/44702/every-south-african-worker-will-pay-a-tax-of-r18780-per-year-to-fund-nhi/#:~:text=Implementing%20the%20National%20Health%20Insurance,every%20worker%20in%20South%20Africa). It raises concerns about affordability and its potential economic impact, especially for lower-income individuals.
* Health and wellness programmes - With the NHI focusing on preventive care, employers may need to enhance their workplace health and wellness programmes to align with the broader goals of the NHI and to ensure the well-being of their workforce.
* Employee communication - Like medical schemes, employers will play a crucial role in communicating the changes brought by the NHI to their employees. Ensuring employees understand how the NHI will affect their healthcare benefits and what steps they need to take will be critical to a smooth transition.

**A future under NHI**

The road ahead for South Africa's healthcare system is fraught with challenges, but it also presents opportunities for meaningful reform. A future under NHI means government control over healthcare pricing and reduced administrative expenses could decrease healthcare costs, fixed costs for healthcare procedures, and potential upgrades in public hospitals' services, hygiene, and safety. It may also lead to a healthier workforce supported by preventive care, stimulate economic growth, and improve compensation for public sector medical practitioners. **However, there is a real risk that the implementation of an NHI will provide an opportunity for tender corruption, a decrease in healthcare quality and outcomes, and a breakdown of the entire healthcare service to the population. The current state of the public health system is dire and improvements in infrastructure, hospital management and efficient running of the facilities are needed before an NHI can meaningfully be implemented**.

As we navigate these complexities, policymakers, medical schemes, and the broader public must engage in constructive dialogue and collaborative action. The goal should not merely be to implement the NHI but to create a healthcare environment that is inclusive, sustainable, and responsive to the needs of all South Africans. Medical Schemes are vital in providing healthcare funding and access to high-quality care to millions of South Africans. The government should reconsider its current approach, whereby the role of medical schemes becomes largely irrelevant in an NHI. By embracing pragmatism, fostering innovation, and prioritising affordability, we can ensure that medical schemes continue to play a vital role in our healthcare system, providing essential coverage and peace of mind to millions.

**FIN**

(1251 words)

**EDITORS NOTES**

**FURTHER MEDIA INFORMATION AND INTERVIEW REQUESTS**

* Stone issues this release on behalf of the Medshield Medical Scheme.
* For media enquiries or interview requests, please contact Willem Eksteen, CEO of Stone or a media liaison member of the Stone team at media@stone.consulting / 011 447 0168
* Alternatively, contact Lilané Swanepoel at Medshield at 010 597 4982 / lilanes@medshield.co.za

**ABOUT KEVIN ARON, PRINCIPAL OFFICER OF MEDSHIELD MEDICAL SCHEME**

A qualified Chartered Accountant, Aron has a wealth of healthcare industry knowledge and is well-known in the industry. He started his career at South African Druggists, where he spent many years working in various financial and management roles within the Group, including stints at Mediscor and Medical Services Organisation, where he was Chief Operating Officer.

After completing his MBA, Aron joined Medscheme in 2001, where he had a long and successful career, culminating in his appointment as Chief Executive Officer in 2014. Before joining Medshield, Aron consulted for various institutions in the healthcare industry, focusing on value-based healthcare delivery systems.

**MORE INFORMATION ON THE 2024 MEDSHIELD BENEFIT OPTIONS AND CONTRIBUTIONS**

Benefits and Contribution amendments are subject to CMS approval.

Please refer to the 2024 Product Page on the Medshield website at <https://medshield.co.za/>. You can review the benefit adjustments and value adds and download the 2024 benefit guides

* **PremiumPlus** provides mature families and professionals with unlimited hospital cover in a hospital of their choice, with In-Hospital Medical Practitioner consultations and visits paid at 200% Medshield Private Tariff, and the freedom to manage daily healthcare expenses through a comprehensive Personal Savings Account and extended Above Threshold Cover.
* **MediBonus** provides mature families and professionals with unlimited hospital cover in a hospital of their choice, with In-Hospital Medical Practitioner consultations and visits paid at 200% Medshield Private Tariff, and the independence to manage daily healthcare expenses through a substantial Day-to-Day Limit.
* **MediSaver** is perfect for independent individuals and young professionals thinking about expanding their families. MediSaver offers unlimited hospital cover in the Compact Hospital Network, with the freedom to manage daily healthcare expenses through a generous Personal Savings Account.
* **MediPlus** provides middle to upper-income families with complete healthcare cover for major medical and daily healthcare needs. Unlimited hospital cover is provided through a choice of two hospital networks, Prime or the value-focused Compact Hospital Network. Daily healthcare expenses are covered through a generous Day-to-Day Limit. Benefits are identical in both categories, Prime and Compact, with care coordination and doctor referral mandated on MediPlus Compact.
* **MediCore** is ideal for healthy individuals looking for comprehensive hospital cover, with daily healthcare expenses self-managed. This option offers unlimited hospital cover in the Compact Hospital Network, with In-Hospital Medical Practitioner consultations and visits paid at Medshield Private Tariff 200%. Day-to-day healthcare expenses are self-funded.
* **MediValue - Prime and Compact** - is the ideal option for growing families. It offers affordable cover for major medical and daily healthcare needs. Unlimited hospital cover is provided through a choice of two hospital networks, Prime or the value-focused Compact Hospital Network. Daily healthcare expenses are covered through a sizeable Day-to-Day Limit. Benefits are identical on both options, MediValue Prime and MediValue Compact, with care coordination and doctor referral mandated on MediValue Compact.
* **MediSwift** is the ideal hospital plan for active, healthy individuals. Major medical emergency and In-Hospital treatment are covered up to R1 million per family in the Compact Hospital Network, with the added benefit of day-to-day treatment for non-professional sports injuries. As a hospital plan, MediSwift offers no Day-to-Day benefits, allowing members the freedom to self-manage their daily healthcare expenses.

**Medshield Medical Scheme - Live Assured knowing you have a Partner for Life.**

**ABOUT MEDSHIELD MEDICAL SCHEME**

* Medshield is a healthcare fund where all members contribute towards the fund monthly to cater for medical cover should the need arise.
* Medshield has been in operation since 1968, making us one of the most experienced, knowledgeable, and reliable medical schemes in South Africa. Our extensive experience in the healthcare sector guides our understanding of our members' needs. Our excellent cover and benefits combined with the best quality systems and services have resulted in our exceptional size and strength.
* Each of our options offers affordably priced benefits. We continuously review and improve the range of benefits in each option to bring you what you need.
* Our impeccable reputation of prompt payments to hospitals, doctors, pharmacies and other medical caregivers guarantees approval from service providers when you present your Medshield membership card.
* Our extensive partner networks place us in the perfect position to offer exceptionally competitive rates to our members.
* Medshield is well-represented throughout all nine provinces and provides seamless access to service providers in your area. Our geographical spread provides convenience if it becomes necessary for you to have a personal discussion with one of our experienced consultants. We also have a streamlined online claim submission system and immediate contact centre assistance, making it easier to manage your membership and claims from the convenience of your home or office.
* Our extensive range of additional benefits and services is another distinguishing factor. Our benefits and services have been designed to give members additional support when they need it most, for instance, in an emergency or when suffering from a chronic or life-threatening condition.
* Compared with other medical schemes, our trustworthiness, impeccable history, and exceptional service guarantee that we come out tops!