

NHI not the only solution says Resolution

Discussions in recent weeks have revolved largely around the National Health Insurance (NHI) system proposed by Government and the impact this could have on private healthcare providers. While it is largely believed that the NHI is ultimately the only alternative available to the more than 14 million people who do not have healthcare cover; an option which experts believe will mean the demise of medical schemes as we know them; Resolution Health Managing Director, Dr Duncan Laurenson is of the belief that there are a number of other viable alternatives which could better serve the interests of all parties involved.

“Currently a lot of focus is being placed on regulating the private healthcare sector, which provides cover for more than 7 million people, a strategy which is fundamentally flawed”, Laurenson said. In terms of the South African Constitution, the Government is responsible for the provision of adequate healthcare to citizens, and individuals who would prefer additional cover are then at liberty to take out cover through a medical scheme. Instead of placing restraints on this sector, Government should be focusing on how other sectors can be incorporated to assist in bringing low cost cover to the masses and making medical cover more affordable through the incentivisation of medical cover to medical scheme members, Laurenson said.

A segment of the market which has experienced extreme pressure from Government is the short-term insurance sector which has come under fire for providing insurance products which offer, amongst other things, hospital cover. Government has objected to these policies stating that they interfere with what is defined as the “business of a medical scheme”, and are viewed as excluding high risk persons. “By utilising the insurance market to develop and provide certain products which could be available to a number of people at exceptionally affordable prices dependant on their risk, Government could decrease the pool of 14 million people considerably, and in so doing decrease pressure on public health systems, Laurenson said.

“A window exists to introduce low-cost cover to the masses through insurers”, Laurenson said, “Government and Private Healthcare Funders should partner with Insurers to introduce alternative products which could introduce people to private healthcare and provide cover to several hundred thousand additional individuals”.

One of the main cost drivers of medical schemes is the over-utilisation of funds by scheme members, making cross subsidisation increasingly difficult and driving up scheme contributions. In the same vein that some insurance companies have demutualised, medical schemes could be demutualised Laurenson believes. “This would incentivise members to limit use of their benefits, negotiate for discounts and generally encourage participation in ensuring the financial health of their medical scheme. As shareholders of the scheme, members who managed their healthcare well would enjoy dividends as shares would be coupled with their claims pattern. This will ultimately drive down costs and make medical schemes more affordable.”

“It is short-sighted to believe that the NHI will be able to replace the private healthcare sector”, Laurenson said. “ By investigating ways to bring more people into the private

healthcare sector and reducing pressure on public facilities, Government can then focus on doing its constitutional duty and providing adequate medical facilities to the citizens of the country. An opportunity is available to bring several million more individuals under the private healthcare umbrella, and we cannot afford to overlook all possibilities.”