# NATIONAL ASSEMBLY

**FOR WRITTEN REPLY**

**QUESTION NO. 110**

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**(INTERNAL QUESTION PAPER NO. 02)**

**Mr P A van Staden (FF Plus) to ask the Minister of Health:**

(1) What is the total estimated cost to launch the National Health Insurance;

(2) why was the Portfolio Committee on Health not informed of the amount;

(3) whether medical stakeholders in the industry from the public and private sector were consulted with a view to obtain their inputs; if not, why not; if so, what are the relevant details of the consultation process that was followed;

(4) whether he will make a statement on the matter?

###### NW121E

**REPLY:**

1. (a) Clause 57 (1)(b) of the National Health Insurance (NHI) Bill states that NHI must be gradually phased in using a progressive and programmatic approach based on financial resource availability;
2. Chapter 7 of the 2017 White Paper on NHI on Financing of NHI details expenditure projections and several new taxation options for sources of funding, including evaluating a surcharge on income tax, a small payroll-based taxes as financing sources for the Fund;
3. As outlined in Section 8 of the Memorandum of Objects of the NHI Bill, NHI will be financed in various interrelated phases as determined in consultation with the National Treasury using general budget allocations. The costing/budgeting focuses on practical issues that focuses on three issues:
4. Quality of care improvement programme: A new funding component is required to accelerate quality initiatives, to support a stronger response post OHSC audit and also to support progressive accreditation of facilities for NHI. In 2020/21 an amount of R25 million was prioritsed for this purpose. Subsequent funding will be dependent on the success of the current implementation
5. Establishment of NHI Fund Office: The preliminary allocations over the MTEF is 2020/21 R20 million, 2021/22: R40 million and 2022/23: R43 million. These should be seen as ideal and will probably be less given practical delays e.g. in passing NHI Bill.
6. Actuarial costing model: Treasury commissioned a simplified intervention based costing tool for NHI which provides simple estimates of costs of a set of 15 or so interventions.

These include for example removing user fees, extending chronic medicine distribution programme (CCMDD), extending ARV rollout, increasing antenatal visits, rolling out capitation model for General Practitioners (GPs), cataract surgery programme, establishing NHI Fund. The full set of interventions costs in the longer term around R30 billion per annum. The Department of Health will adapt the tool to find a set of priority interventions. Most of these interventions can be scaled up progressively as funding becomes available and does not need significant new funds in Budget 2020;

1. The Human Resources Capacitation Grant will be used to appoint staff to ensure implementation of NHI already increases to R905 million in 2019/20 and further to R1,052 billion in 2020/21 to R1,093 in 2021/22 and R1,1 billion in 2022/23. This should be focused in the first instance on statutory posts such as interns and community service, given problems in provinces funding these key posts and national interest in making sure these are fully funded;
2. The NHI Indirect budget baseline amounts to R2,3 billion in 2020/21, R2,5 billion in 2021/22 and R2,6 billion in 2022/23.
3. In the next phase the NHI Fund and its Executive Authority will be able to bid for funds through the main budget as part of the budget process. Thereafter consideration will be given to shifting some of the conditional grants such as the National Tertiary Services grant and the HIV/AIDS and TB grant from the Department of Health to the Fund. Preliminary analysis suggests this will require legal amendments.
4. In a later phase consideration will be given to shifting of funds currently in the provincial equitable share formula for personal health care services to the Fund. This will require amendments to the National Health Act, 2003. This will also depend on how functions are shifted, for example if central hospitals are brought to the national level.
5. No, this is not correct. The Portfolio Committee of Health has been informed of the initial estimated costs of implementation of NHI when the National Health Insurance (NHI) Bill, (Bill 11-2019) was introduced to Parliament on 8th August 2019. This is explained in Clause 57 of the NHI Bill as well as Section 8 of the Memorandum of Objects of the NHI Bill.
6. Stakeholders have been consulted to obtain their inputs.
7. This was undertaken as part of the consultations on the 2011 Green Paper on NHI, the 2015 draft White Paper on NHI and the 2018 Draft Bill on NHI;

(b) The NHI Bill is currently in Parliament and going through public consultation process;

(c) As outlined in Clause 8.9 of the Memorandum of Objects, Chapter 7 of the 2017 White Paper on NHI on Financing of NHI details expenditure projections and several new taxation options for sources of funding, including evaluating a surcharge on income tax, a small payroll-based taxes as financing sources for the Fund. Due to the current fiscal condition, tax increases may come at a later stage of NHI implementation.

1. I am willing to make a Statement on the matter

END.