**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION NO. 4566 DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 25 NOVEMBER 2022 (INTERNAL QUESTION PAPER NO. 50)**

**Ms N N Chirwa (EFF) to ask the Minister of Health:**

(1) What (a) is the detailed breakdown of the costs of the National Health Insurance (NHI), considering the provincial demands and requirements and (b) are the details of the envisaged and/or proposed means of how the money will be sourced, noting the proposed reallocations;   
  
(2) (a) what are the details of the reallocation of funds meant to accommodate the NHI, (b) how will the reallocation impact the current public health system and (c) what are the further, relevant details in this regard? NW5696E   
  
**REPLY:**   
  
(1) (a) The National Health Insurance (NHI) will fund health care for 60m people. The Fund will be established once the Bill is enacted. The current spending on healthcare in the country is R554bn, which is split as follows:

|  |  |
| --- | --- |
| **FY21/22** | |
| Rand (bn) | % |
| Total public sector health | 265 844 | 48,9% |
| Total private sector health | 277 402 | 51,1% |
| 543 246 |

Donors contribute R11 095bn, bringing total spend to R554 341bn

The NHI Bill provides that the bulk of the public sector health spend will be allocated to the NHI Fund by the normal appropriation route through Parliament.   
  
(b) There is a provision in section 49 of the Bill for progressive introduction of taxes to move voluntary contributions into the Fund. In 2021/22 financial terms around R500bn is the equivalent funding of the present health system and it is these funds that will constitute the resource available to the NHI. This is in the order of 8,5% of GDP. Funds for non-personal health services, and capital for infrastructure development, will remain with the provincial departments.

(2) (a) The sources of funds that are presently spent in the health care system are as follows:

|  |  |
| --- | --- |
| **GOVERNMENT DEPARTMENT AND ENTITY** | **R (millions)** |
| National Department of Health core | 12 947 |
| National Department of Health Indirect Conditional Grants | 85 |
| National Department of Health Direct Conditional Grants | 60 000 |
| Provincial Departments of Health Provincial Equitable Share | 175 892 |
| Defence (SAMHS) | 5 474 |
| Correctional Services | 1 216 |
| Local government (own revenue) | 5 138 |
| Workmen's Compensation contributions | \* 3 502 |
| Road Accident Fund levies | \*\* 1 675 |
| Compensation for Occupational Injuries and Diseases (COIDA) | \*\*\*????? | |
| Medical schemes (Employer contribution public service) | 230 618 | |
| Medical schemes (Employer contribution private employer) |
| Medical schemes (Employee contribution) |
| Out of pocket | 38 653 | |
| Medical insurance | 5 501 | |
| Employer private (including Occupational Health) | 2 630 | |
| Donors | 11 95 | |

\* Unclear what portion is for medical expenses as opposed to other benefits   
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(b) The public health system will continue to receive the present budget allocation but once the NHI is established the route of funding will change from te current route of Provincial Equitable Shares (PES) via block allocations to provincial governments and managed by provincial treasuries, through the National Vote to the Fund (as the South African Medical Research Council, Council for Medial Schemes and other entities are funded presently). The Fund will pay for the benefits and services provided. The leverage of the monopsony will obviate the challenges of patients moving between provinces and will allow for national interventions to communities that are under-funded (through strategic purchasing). By setting prices nationally the Fund will be able to control excessive pricing and purchase more care with the same funds.   
  
(c) The Fund will also purchase benefits (patient care) from private providers who are presently not accessible to people who do not have medical scheme cover. This will increase the footprint of available services and improve accessibility.   
  
END.