

**NATIONAL ASSEMBLY  
QUESTION FOR WRITTEN REPLY  
QUESTION NUMBER: 1274 [NW1483E]  
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**1274. Dr D T George (DA) to ask the Minister of Finance:**

Whether the National Health Insurance policy objective has been costed; if not, why not; if so, is it affordable?

NW1483E

**REPLY:**

**Has NHI been costed?**

Yes. The National Treasury has reviewed three costing studies as part of its work on financing of National Health Insurance.

1. The projections set out in the Green Paper were derived from a model of aggregate costs built on projected utilisation trends by five year age-group and projected average unit costs.
2. Several scenarios of the scope and efficiency of health services were costed by an independent actuarial team, using adjusted price-curve data from existing medical schemes.
3. The Actuarial Society of South Africa (ASSA) developed a NHI costing model based on detailed diagnostic and treatment cost estimates, drawing on medical scheme data.

While there are broad similarities in the results of the costing models, there is a wide range of long-term cost projections, depending on alternative inputs and assumptions.

Implicit in all costing projections is a partial shift over time from medical scheme coverage to NHI, as NHI becomes fully functional and citizens become familiar with the system. However, costs varied significantly depending on the comprehensiveness of benefits and the service delivery efficiency assumed and how NHI coverage is extended to include purchasing of private services.

**Is NHI affordable?**

South Africans already spend over 8 per cent of GDP on health services, about half of which is in the public health system. Universal health insurance coverage is financed in

many countries within an expenditure level of this order, though the proportion of public expenditure within the total is usually higher than South Africa's level of about 50 per cent. Within country-specific NHI systems, there is considerable variation in the extent and range of services covered and how providers are reimbursed. There are also various ways in which finance is raised and funding is pooled. Affordability, sustainability and fairness of health services depend on the details of these arrangements. Affordability of a comprehensive range of services also depends on supply of infrastructure, professional health personnel and efficiency of service delivery. Over time, a broader range of services can be financed, depending in part on economic growth and the development of both public and private sector health service capacity.

The forthcoming National Treasury *Discussion paper on Financing National Health Insurance* outlines institutional reforms and financing options to be considered as part of the phasing in of an NHI system that has to be affordable and sustainable, while ensuring universal access to health services, high standards of care and efficient service delivery.