

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3633 [NW4450E]
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3633. Mrs E R Wilson (DA) to ask the Minister of Finance:

Whether, with reference to his reply to question 56 on 25 February 2022, in which he advised that the most recent update of the National Health Insurance (NHI) cost model was carried out in the 2019-20 financial year and that the economic impact of the COVID-19 pandemic had not yet been factored into the cost model, he will conduct further financial modelling, taking into account the effects of COVID-19 together with the dramatic increase in the cost of living recently, before any implementation of the NHI in the event it comes into operation in its current form; if not, why not; if so, what are the relevant details? NW4450E

REPLY

As stated in the previous response, the need for and timing of further updates the NHI costing model will be determined by practical progress with NHI, spending patterns, and the timing of the legislative process. Further cost modelling will need to be informed by further development of the NHI benefit package, healthcare utilization trends and projections, and unit costs. However, the cost model will not automatically translate into budget allocations as these would have to be made as part of the budget process which will take into account the macro-economic environment and fiscal space. We agree that inflationary pressures and effects of COVID-19 are important considerations. It is difficult to give a blanket commitment that any implementation of NHI will not come into operation without further detailed modeling. However, it is likely that a set of gradual, transitional reforms will require more detailed costing in order to assess budget requirements, as opposed to the full national implications of NHI as envisaged in the NHI Bill, which will almost certainly require a major updating of the existing and other cost models. Note that the NHI Bill is still in Parliament and the 2022 MTBPS emphasises that budget allocations in Budget 2023 are more likely to focus on fixing budgetary gaps that emerged after the economic slowdown due to COVID-19 and addressing service backlogs and is unlikely to have a substantial focus on NHI.