

# UHC funding - the great distraction

 By [Nicci Botha](#)

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Quality care, not funding, is the real issue when it comes National Health Insurance (NHI), and by focusing on the latter, we are being distracted, said Mariné Erasmus, director and head of the health economics practice at Econex.



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“The burden of disease is increasing, yet one structural issue remains unaddressed: governance (management and accountability) in the public sector,” she said.

Erasmus illustrated her point with photos from the Office of Health Standards Compliance inspections results for 2014-2015, which showed state hospital patients sleeping on the floors, empty emergency trollies, expired drugs and dirty toilets.

“The public sector does not look the way it does due to a lack of funding. Private and public have the same patients, the same training, and the same diseases, so why aren’t the poor getting what the wealthy paying for? The structures are the problem.” she said.

“We’re throwing money at the problem, where we should be looking for real structural solutions.”

## Proposed funding

Erasmus looked at what the suggested removal of the tax break for belonging to a medical aid would mean.

“It may move 1.9m beneficiaries (21.9% of all beneficiaries in 2016) above the affordability threshold (12.85% of disposable income), meaning they are likely to cancel their health cover. This increases the burden on the state, and leaves less money in the pot,” she said.

Therefore, more people will be at higher financial risk (which was originally the reason for the tax credit) as a result of out-of-pocket medical costs.

In addition, the NHI white paper’s preferred tax scenario is a 2% payroll tax and 2% surcharge on taxable income (effectively an increase in personal income tax).

“Higher taxes have a negative impact on economy. The cost of employment increases, which impedes attempts at creating jobs. Lower household income means less spending, saving and investment. All these reduce GDP growth. Higher taxes will likely have a negative impact on ratings agencies’ assessments of South Africa,” Erasmus explained.

“Funding options may be taking us further away from the goal of access to quality healthcare. Structural problems need structural solutions. Yet, even in the current environment there are outliers where improved governance has led to success in the public sector. The real solution we need is likely to be less costly and produce better outcomes for all,” she concluded.

## ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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