national planning commission
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Key NPC Highlights and Recommendations from the National Planning Commission inputs to the NHI Bill

The National Planning Commission's (NPC) mandate is to ensure the implementation of South Africa's long-term plan, the National Development Plan, Vision 2030 (NDP). To this end, the NPC has undertaken extensive work and engagements in the health sector since 2016. It has always underlined the fact that Universal Health Coverage (UHC) is one of the most far-reaching reforms South Africa has embarked upon since the advent of democracy.

The NDP underscores the notion that building a national health insurance system is an important objective. The NDP noted that there were four prerequisites to its success:

- improving the quality of public health care,
- lowering the relative cost of private care,
- recruiting more professionals in both the public, private sectors, and
- developing a health information system that spans public and private health providers.

The NDP further noted that these reforms would take time, require co-operation between the public and private sectors, and demand significant resources. It thus called for a phased-in national health insurance, with a focus on upgrading public health facilities, producing more health professionals and reducing the relative cost of private health care.

A Bill that gives effect to these principles will be fully congruent with the NDP.

Universal Health Coverage and the World Health Organization

The NPC generally supports the country's commitment to make the necessary reforms to achieve progress as it relates to UHC and to achieve the progressive realization of the right to access to quality personal health care services. To that end, the NPC sees the Bill as a step in the right direction but it submits that the Bill in its current form is still lacking in critical detail in some important areas, and contain provisions that are problematic.

Importantly, the NPC accepts the elements of UHC as defined by the World Health Organization (WHO) and, therefore, supports the objectives outlined in the preamble to the Bill. The WHO states that financing systems needs to be specifically designed to:

- Provide all people with access to needed health services (including prevention, promotion, treatment, rehabilitation and palliation) of sufficient quality to be effective;
- Ensure that the use of these services does not expose the user to financial hardship. (World Health Report 2010, p6)

It is imperative that we also highlight the WHO's support for home-grown solutions, especially since no two countries have identical positions from which UHC reforms are launched. The NPC believes that there is much more to interrogate to assure the South African public that relevant contextual issues have been adequately considered and addressed. This is not a simple exercise, especially since, as noted, there are important specifics that are not covered in detail in the Bill.

Properly implemented, the ultimate goals of coverage to improve access to quality health care based on need as well as financial protection and equity can only serve to improve the lives of citizens.

The NPC further recognizes that UHC is embedded in one of the 17 Sustainable Development Goals (SDGs) adopted by world leaders in 2015 and will contribute towards the reduction of inequality and poverty while improving social cohesion (Health related target 3.8).

Generally stated, the NPC supports the key policy principles essential for UHC reform, i.e. mandatory contribution, pooling of funds and strategic purchasing to promote efficiency and accountability.

Quality of Health Care

The NPC strongly believes that South Africa needs a comprehensive health system reform, not just a financing reform. This is important given the prevailing experiences of poor-quality health services. It is with this in mind that the NPC is as interested in reforms that address quality health care as it is in those that address financing. This is particularly important if access to quality health services in a cost-effective manner is to be achieved. The three goals of access, quality and costs should be pursued in a balanced way. For this reason, it is important to factor this into planning from the start.

Institutional Arrangements

The NPC considers the Bill and the policy thinking around national health insurance a progressive concept, for the South African nation specifically, and for social justice, generally. As the NPC, we submit that the Bill should be viewed as an opportunity to correct the currently fragmented and iniquitous healthcare landscape. As such, the good intentions the Bill strives to achieve are appreciated.

There is a concern with putting the entire (public and private) health system at risk with an approach that is not grounded in best practice in relation to governance principles. The NPC, therefore, recommends a phased-in approach, in line with the proposals in the NDP[1].

The Bill appears to be drafted on the assumption of a perfectly efficient, ethical, and capable state and tends to ignore the reality of inadequate public health care services[2].

In terms of clause 10*(b)* of the Bill, the National Health Insurance Fund (NHIF) will be established as an "autonomous public entity" to "pool the allocated resources in order to procure healthcare services, medicines, health goods and health-related products from healthcare service providers, health establishments and suppliers that are certified and accredited" by the Fund. In other words, the entire system, with a value of about R400-billion annually, is going to be aggregated, with power in the hands of the Fund. Any institutional arrangement should promote financial accountability and transparency and be in the public interest and in line with constitutional and financial accountabilities.

Powers of the Minister

The provisions, as currently conceived in the Bill, raise another vexing matter - the excessive and vast powers given to the Minister of Health. The NPC hereby stresses that while it has full confidence in the incumbent, it is unwavering in its belief that laws should be crafted to withstand the worst inclinations of any public official.

At the heart of the NPC's concern is the concentration risk where both public and private sectors could be subject to a single source of failure should problems in planning, execution, and monitoring materialise. To this end, the proposed changes are intended to introduce a reasonable degree of independence as well as checks and balances, while acknowledging that the Minister of Health is the custodian of both public and private sectors.

The NPC notes that the Minister has strong influence on the appointments of all health sector regulatory bodies. A brief overview is reflected in Table A.

[1] pp34, 329, National Development Plan, 2012

[2] pp458, 460, 466, 474, Chapter 13 of the NDP covers the relevant issues around a capable state

Table A: **Overview of appointments of all health sector regulatory bodies**			
HEALTH REGULATOR / ORGANISATION	**BOARD APPOINTED BY**	**CHAIRPERSON APPOINTED BY**	**CEO / ACCOUNTING OFFICER APPOINTED BY**
SA Nursing Council[3]	Minister in consultation with the Nursing Council.	Minister	Minister
Health Professions Council[4]	Minister	Board Members	Minister
SA Health Products Regulatory Authority[5]	Minister	Minister	Board in consultation with Minister
Council for Medical Schemes[6]	Minister	Minister	Minister
Office for Health Standards Compliance[7]	Minister	Minister	Board in consultation with Minister
Office of the Health Ombud[8]	Minister in consultation with relevant bodies	Minister	Minister
South African Pharmacy Council[9]	Minister	Board Members	Board Members

The NPC recommends that Parliament and the President be involved in the appointment of the governing body (Board) as a starting point. The envisaged size of the NHI Fund, the impact of the NHI on the economy and society, the proposed fund allocation process and general complexity of the programme require much greater transparency than would be possible under current provisions. The NPC is cognisant of the ongoing work by the Presidential Commission on State-Owned Entities to address governance loopholes and to strengthen guidelines in the appointment of governing bodies or boards. The NPC recommends that the outcome of the Presidential Commission's work be considered to ensure that the appointment of the NHI board is aligned with the new guidelines.

[3] *Nursing Act No. 33 of 2005*. South Africa.
[4] *National Health Amendment Act, 2013, Act No. 12 of 2013, section 79B (1).* South Africa.
[5] *Medicines and Related Substances Amendment Act, 2008: No. 72 of 2008.* South Africa.
[6] *Medical Schemes Act No. 131 of 19998.* South Africa.
[7] *National Health Amendment Act, 2013, Act No. 12 of 2013, section 79B (1).* South Africa.
[8] *National Health Amendment Act, 2013, Act No. 12 of 2013, section 79B (1).* South Africa
[9] *Pharmacy Act No. 53 of 1974.* South Africa

Governance

The NPC's concerns about the governance of public entities serve, not only to safeguard against inefficient use of resources and corruption, but also because good governance must of necessity include transparency and accountability. In this regard, the Constitutional Court has opined instructively in the case of United Democratic Movement v Speaker of the National Assembly and Others, (CCT89/17) [2017] ZACC 21 that *"It is through good governance that the improvement of the quality of life of all citizens and the optimization of the potential of each will be achieved."*

Good governance, in the NPC's view may also be considered as the creation of well-functioning, inclusive and accountable institutions that all citizens regard as legitimate, through which they participate in decisions that affect their lives, and by which they are empowered.

Chapter Four of the Bill indicates that the NHI Fund Board, made up of 11 people, is appointed by the Minister of Health, and is accountable to the Minister of Health. The only references in the Bill to "public participation" in the Board appointment are through "public nomination" of candidates for the Board in clause 13(2) and "public interviews" to be conducted in clause 13(3)(a). It is not clear whether by "public nomination" the Bill anticipates that the names of the nominated candidates and their nominators will be made public, or if it simply means members of the public are invited to nominate candidates.

It is equally unclear what is meant by "public interviews". Does this mean the public can make representations directly or that the public will be spectators, similar to the interviews by the Judicial Service Commission? Alternatively, is it similar to parliamentary processes where the public and their concerns are represented both by Members of Parliament as well as more directly in the form of submissions to Parliament?

The Bill provides for members of the public to form part of the Ministerial Advisory Bodies. In this regard, of importance is the NHI's Stakeholder Advisory Committee, established in terms of clause 27 of the Bill, which is made up of a wide range of stakeholders. However, the Bill offers no insight into the function of this body.

In addition, in terms of clause 13 of the Bill, the Minister of Health will be vested with wide-ranging powers to appoint Board members. Following the nomination process for Board members, the Minister of Health must appoint an *ad hoc* Advisory Body to conduct public interviews of the shortlisted candidates and forward its recommendations to the Minister of Health for approval. There is no indication or clarification as to who is responsible for preparing the shortlist and the Bill is also silent on the criteria for selecting members of the *ad hoc* Advisory Body.

This is of concern to the NPC as it is important that the appointment of Board members and executives be done in an open and transparent manner that instils high levels of public confidence. For example, in order to inspire confidence in the new SARS commissioner, the Nugent Commission of Inquiry into Tax Administration at SARS stressed that members selected for the interviewing panel "should be apolitical and not answerable to any constituency and should be persons of high standing who are able to inspire confidence across the tax-paying spectrum". This level of detail is absent in the current form of the Bill.

Additionally, the Minister of Health also plays significant roles in the appointment of the NHI Fund Chief Executive Officer (CEO) and the Ministerial Advisory Committees that will determine the benefits package and pricing. Although the Board is involved in the appointment of the CEO, clause 15(4)*(d)* perplexingly states that the Board must inform the Minister "of any advice it gives to the CEO".

In contrast, the role of Parliament in the appointment of both Board members and the CEO is somewhat limited. The extent of its involvement is that the Minister of Health must notify it of the appointment of the CEO.

Clause 13(8) states that the Minister of Health may remove a Board member who is unable to continue to perform their functions of office. In terms of clause 13(9), the Minister of Health may dissolve the Board on good cause. In both circumstances the determination is made by the Minister of Health and can be susceptible to political ''interference''.

The extensive power of the Minister of Health is one of the big issues expressly elevated by the NPC. Parliamentary oversight is essential, not only to ensure effectiveness and evaluation of programmes, but also to allow public scrutiny through elected representatives.

It bears noting, the NHI Fund will receive substantial amounts of public funding and will be responsible for qualitative health care services to be provided to millions of people in South Africa. It is thus vitally important that appropriate, efficient and effective governance structures are created to support it. The success and enduring sustainability of the NHI will rest primarily on the strength and quality of the governance of the Fund.

The risks of capture of the Fund are increased precisely because there appears to be no room for either civil society or Parliament to have input in the governance of the proposed system.

The Bill places all authority in the hands of the Minister of Health with no role for National Treasury, especially when it comes to management of investments. This is of grave concern given that Fund is unlikely to have a sufficient number of Board members with the relevant qualifications and experience to manage such a huge fund.

Importantly, the NDP is premised on a capable, ethical, and developmental state and while the NPC recognises recent efforts by the State to bolster the functioning of the criminal justice

system, this must be complemented by adequate legislative safeguards to mitigate against capture and corruption.

In summary, the NPC considers the Bill's proposed governance structures and accountability mechanisms to be areas of concern. Particularly striking in the Bill is the immense power that the Minister of Health will have overall key appointments.

The Role of Medical Schemes

In South Africa, the implementation of socio-economic rights is recognized as being subject to the qualifications of 'availability of resources' and 'progressive realization', contained in both the International Covenant on Economic, Social and Cultural Rights and the Constitution of South Africa. In carrying out the vital exercise of monitoring the progressive realization of these rights, the key question of whether sufficient and efficient steps have been taken to meet these goals must be addressed.

It is the NPC's view that clause 33 has vast implications for the South African economy, in general, and the private health sector, in particular. Unfortunately, clause 33 is very vague. Specifically, full implementation of the NHI and "complementary cover" are not defined in the Bill. We therefore recommend that "complementary cover" be defined fully.

Nonetheless, the NPC assumes that this clause would significantly change how the industry works, and the change would not benefit the public. It may result in the consolidation of the medical scheme and medical scheme administration markets and its ultimate decimation.

The NPC reiterates the WHO's position that each country's path to the UHC should be home grown. Thus, even though the broad UHC goals are shared, the following should be considered[10]:

- Specific manifestations of problems vary, so how the goals should be operationalized should consequently vary as well.
- *Every country already has a home-grown health financing systems, so the starting point for each country will be unique and relevant to material domestic conditions.* [Our emphasis]
- As such, it follows that the mix of fiscal and other contextual factors will also be unique.

The NPC underlines the fact that South Africa has an advanced private health system, which must be harnessed to support the NHI. Limiting its role will not benefit the South African population and actually risks destroying both public and private sectors simultaneously.

[10] WHO, Health Financing for UHC, 2016

The NPC acknowledges the fact that the medical scheme and medical scheme administration markets are not perfect and regulatory interventions are essential to make the industry more affordable[11]. However, the following considerations are also critical:

- South Africa is starting from the position of a health system that has an operationally sound private sector with low "out-of-pocket payments'' compared to other countries with voluntary health insurance markets;
- It is, therefore, imperative that the deep expertise, billions of Rands in capital investment, employment opportunities and corporate tax contributions should not be discarded before the success of the NHI has been established;
- Current medical scheme administration and payment systems are world class and must be used to benefit the economy and the South African society as a whole;
- The tax contributions by the industry is significant;
- The industry is a significant contributor towards employment;
- The private sector is currently better placed to drive future innovation which can be used to grow the South African economy by servicing other markets on the continent and globally. A dying medical scheme industry would have a destructive impact.

Taking these and other factors contained in the Bill into account, the NPC recommends that the medical scheme (and medical scheme administration) industry be allowed to continue operating indefinitely. It is important to stress that regulation of the industry to improve efficiencies and manage costs for the benefit of users should continue as planned and be reviewed at regular intervals, as is the norm. The Medical Scheme Amendment Bill and the Health Market Inquiry report are current examples of ongoing reviews of the regulatory environment, and these should continue to be considered.

It must be stated explicitly that those who choose to fund their medical scheme cover would be doing so out of their discretionary income after first contributing towards the NHI Fund.

In making this recommendation, the NPC is mindful of the valid concerns that this approach would perpetuate the current "two-tier" system. To address these concerns, the NPC urges stakeholders to consider the following:

- Correcting the ills of the current two-tier system cannot reasonably be expected to be achieved overnight without placing both sectors at risk. More importantly, the proposed approach will not delay migration towards UHC;

[11] Health Market Inquiry Report released 30/9/2019

- The need to manage the risk of a probable total collapse of both private and public sectors is paramount and the NPC has a duty to consider this in its policy advice to the legislature and the Executive;
- A competitive, efficient and higher margin-paying medical scheme industry will help make service providers sustainable enough to be available to serve the lower fee-paying NHIF on behalf of all beneficiaries. This principle is very well established and makes it possible for the public sector to purchase goods and services at much reduced prices compared to what the private sector pays for the same goods and services. The entire public procurement system works on this principle. The highly successful Central Chronic Medication Dispensing and Distribution (CCMDD) model, where private sector pharmacies provide relief by reducing pharmacy queues in the public sector is an example of this.
- The risk of delayed or non-payment for services as a result of a "system glitch" from effectively the only source of income for private providers (the NHI Fund) is too ghastly to contemplate for the economy, sustainability of the private sector and the country's capacity to retain scarce skills that are in global demand.
- Instead of enacting laws that will actively destroy the private sector, the South African public will best benefit from a public sector that improves its performance to such an extent that medical scheme members willingly relinquish their medical scheme cover in favour of the NHI system. That would be a true test of growing performance of the public sector;
- In the absence of comparable, standardized quality metrics, the NPC is mindful of the 2017 General Household Survey which indicates that a quarter 27,4% of households indicated that they would go to private doctors, private clinics or hospitals and that 97,3% of households that attended private health-care facilities were satisfied with the service provided. A slightly larger percentage of households that attended public health facilities (5,3% as opposed to private facilities 0,6%) were very dissatisfied with the service they received. Nearly a quarter (23,3%) of South African households had at least one member who belonged to a medical aid scheme[12]. It is imperative that the public sector should be afforded the space to raise its level of user satisfaction to match that of private sector users.
- The NPC undertook site visits to four Ideal Clinics across two provinces, the Laudium Community Health Centre, the Eesterus Community Health Centre, the Dark City Community Health Centre in Gauteng and the Tweefontein Clinic in Mpumalanga. While the number is nowhere near representative of the 3,500 Ideal Clinic target, the NPC was

[12] http://www.statssa.gov.za/publications/P0318/P03182017.pdf

highly complimentary of the work achieved to date. Commissioners were left in no doubt that the country is on the right track with respect to primary health care infrastructure. In this regard, the NPC commends the Minister, Provincial MECs and all relevant staff and hopes the goal of converting the remaining 45% of clinics to Ideal status will be realised shortly.

- The continued existence of the medical scheme industry will contribute towards the desired improvement of the public sector when, as expected, millions of NHI contributors (who are also voluntary medical scheme members) would likely choose not to use the public health system at the time it is most vulnerable.
- The NDP extensively reflects on the need to establish a capable state, ostensibly because the diagnostics and evidence suggested that the country was not where it should be in this regard. The NPC, therefore, is not convinced that there are sufficient reasons to believe that the NHI will operate smoothly when fully launched in 2026; and
- Ultimately, if ALL South Africans contribute towards the NHI Fund and ALL have access to both the public and private sector delivery systems, this would eliminate the two-tier system.

The NPC urges all stakeholders to give due consideration to an approach that mitigates against risks that would result in the collapse of both public and private sectors should implementation of the most complex programme since 1994 experience “teething problems” within the first decade of its establishment.

The NPC is opposed to the prohibitions and limitations on private medical scheme cover for services rendered by the NHI as indicated in clauses 6(o) and 33 of the Bill. This has a number of negative consequences. Consequently, the NPC recommends that these clauses be amended so that it does not only deal with complementary services.

Financial Matters

The specific tax proposals set out in clause 49 would form part of Appropriation Bills. In terms of section 73 (2)(a) of the Constitution, only the Minister of Finance can introduce money Bills. It thus seems as if parts of clause 49 may be in conflict with the Constitution and warrants further investigation.

The NPC believes that taxes should be paid by all, according to their ability, to fund healthcare and that general taxation is the most efficient way to raise funds for the NHI. We thus support the principle in the Bill that money must be appropriated from general tax revenue.

Many countries fund their national health through a variety of taxes, e.g. sin taxes, a levy on e-messages or even internet transactions. As new taxes are continuously being introduced,

the discretion about which taxes will be the most appropriate should be left to the Minister of Finance.

Given the progressive nature of the South African tax system, it is understandable that the wealthy pay more. As tax revenue is used to fund public health, education, housing and other services, this equitable and redistributive arrangement is supported as a means to give effect to the principle of social solidarity.

Consideration should be given whether a payroll tax, which is effectively a tax on employment, could have an adverse impact on employment. Further, leakages in light of the extensive informal labour market and the new gig-economy that is developing with the 4th Industrial Revolution should be considered as these are most likely not captured through payroll taxes.

Critically, too, the NPC notes that the Bill remains un-costed despite longstanding concerns that it may be simply too expensive to implement, particularly under existing fiscal constraints. The Bill outlines plans to raise the money, including the shifting of funds from the provincial equitable share and conditional grants into the Fund; the re-allocation of funding for medical scheme tax credits (currently an estimated R27-billion) paid to various medical schemes to the fund; additional payroll taxes for employers and employees; and a surcharge on personal income tax.

The NPC reserves its full comments on the funding aspects until such time as further details have been made available for comment.

Timelines

The NPC is of the view that the timelines as expressed in the Bill are onerous and will not be met. The NPC recommends that these be reconsidered.

Chapter 1

PURPOSE AND APPLICATION OF ACT

Purpose of Act - *Clause 2*

The National Planning Commission supports the principles of mandatory prepayment (through the tax system), pooling of funds and strategic purchasing as essential in migration towards universal health care (UHC). The compulsory participation to create a large pool of funds will, in the NPC's view, maximize the potential for cross-subsidization of the poor by the wealthy, and the relatively sick by the relatively healthy.

Further, the NPC agrees with the concept of equity in the sense that households will contribute in proportion to their ability to pay. We agree, furthermore that collection through the tax system is the most efficient means of raising revenues to fund the reforms.

Application of Act - *Clause 3*

As regards clause 3(2)*(b)*, the NPC requires clarification about why the Bill does not apply to members of the State Security Agency. While it is understood that the National Defence Force has its own medical service, the rationale for excluding the State Security Agency is not clear.

Chapter 2

ACCESS TO HEALTH CARE SERVICES

Rights of Users - *Clause 6*

As regards clause 6*(a)*, the NPC recognises and supports the notion that the ultimate goals of UHC reforms are:

- To facilitate access to health services based on need, not financial means or health risk, i.e. free at point of service;
- To provide financial protection and equity in finance, i.e. contribution in proportion to household means and to ensure that households are protected from financial risk when ill. (The principle is that no one should face bankruptcy for seeking health care); and
- To ensure that services received meet high quality standards.

As regards clause 6*(o)*, however, the NPC does not support the prohibition on continued medical aid cover for services rendered by the NHI (see section on the Role of Medical Schemes**,** above).

Chapter 3

NATIONAL HEALTH INSURANCE FUND

Powers of Fund - *Clause 11*

The NPC does not support the provision that the NHI Fund have powers to invest funds not immediately required. The NHI Fund should not have powers to invest, as this could potentially expose the NHI Fund to corruption. It is doubtful that the governing body (Board) would have enough sufficiently qualified and experienced members to take investment decisions for such a large fund. The NPC is of the view that such competence should remain with a more appropriately resourced government body, e.g. National Treasury. The accepted principle that money not spent should go back to National Treasury must apply.

Chapter 4

BOARD OF FUND

Establishment of Board - *Clauses 12 and 13*

Given the size of the NHI Fund and complexity of the operations, the NPC is of the view that governance matters are critical and every step should be taken to ensure independence of the Board.

The NPC is concerned about concentration risk where governing bodies and most accounting officers of all health regulators are appointed by the Minister of Health.

To this end, the following points are submitted:

- The public Board nomination process is supported.
- Parliament (an *ad-hoc* or Portfolio committee on Health, or a hybrid thereof) should conduct interviews and recommend names of members. This is also in line with clause 49 of the Bill, which states that NHI funds will be appropriated annually by Parliament.
- Instead of the Minister, it is recommended that the President appoint members of the Board. This will have consequential impacts on the rest of the Bill and amendments for the removal of the Board by the Minister (see clause 9*(a)*).
- Removal of Board members should follow established principles and protocols regarding removal of Board members nominated by Parliament and appointed by the President.

Chairperson and Deputy Chairperson - *Clause 14*

The NPC recommends that the Board should have the powers to appoint its Chairperson and Vice-Chairperson.

Chapter 5

CHIEF EXECUTIVE OFFICER

Appointment - *Clause 19*

The NPC recommends that the Chief Executive Officer (and other executive officers) must be appointed by the Board after a thorough and fair process that places qualifications and experience above all other considerations.

Responsibilities - *Clause 20*

The NPC does not support the creation of an investigative unit as contemplated in this clause. The NPC deems this inappropriate, as it is likely to lend confer powers to the CEO, which would be open to abuse. Criminal activities should be left to the relevant authorities.

Chapter 7

ADVISORY COMMITTEES ESTABLISHED BY MINISTER

Benefits Advisory Committee - *Section 25*

As the Bill provides that the Minister will have the power to appoint three advisory committees (Benefits Advisory, Health Care Benefits Pricing and Stakeholder Advisory Committees) and their Chairpersons, the NPC affirms its concerns regarding the concentration of powers to appoint all officials within the office in the Minister. Further, it is not clear what the working relationship between these committees, the Board and CEO will be.

There is no clear role definition and there is potential confusion between these committees and some units to be established by the CEO in terms of clause 20(3) in Chapter 5. Specifically, this refers to the:

- Benefits Advisory Committee and Benefits Design Unit (clause 20(3)*(b)*);
- Health Care Benefits Pricing Committee and Provider Payment Mechanism and Rates (clause 20(3)*(c)* Unit as well as Provider Payment Unit (clause 20(3)*(f)*.

Chapter 8

GENERAL PROVISIONS APPLICABLE TO OPERATION OF FUND

Role of Minister - *Clause 31*

The NPC is of the view that the role of the Minister is excessive and undesirable. The NPC submits that this clause is potentially open to legal and constitutional challenges.

Chapter 8

GENERAL PROVISIONS APPLICABLE TO OPERATION OF FUND

Role of medical schemes - *Clause 33*

This clause has extensive implications for the South African economy, in general and the private health sector in particular, but it is unfortunately extremely vague. (See section on the Role of Medical Schemes**,** above)

Purchasing of health care services - *Clause 35*

The NPC notes that the NHI Fund will purchase health care services on behalf of registered members from both private and public sectors.

Chapter 9

COMPLAINTS AND APPEALS

Appeal Tribunal, Powers of Appeal tribunal and Secretariat - *Clauses 44 - 46*

The NPC considers the powers of the High Court vested in the Appeals Tribunal (clause 45) that is appointed by the Minister as excessive. This body will hear complaints against the Fund whose Board and Chairperson were also appointed by the Minister and the secretariat will be an official of the Fund. The NPC is concerned that there is significant potential for conflict of interest and perceptions that the process is not sufficiently neutral in its outlook.

Chapter 10

FINANCIAL MATTERS

Sources of funding - *Clause 48*

The NPC is not convinced about the legality of clause 48*(b)* as all income must be paid into the National Revenue Fund.

Clause 48*(c)* should be deleted as a consequential amendment to the proposal that the NHIF not be allowed to invest funds.

Clause 48*(d)* should read 'in opinion of the Board' and not 'the Minister'.

Chief source of income - *Clause 49*

The NPC is not in a position to comment in detail until the full details have been published. However, clause 49 appears problematic and this should be left to the Minister of Finance.

Chapter 11

MISCELLANEOUS

Transitional arrangements - *Clause 57*

The NPC notes the extensive list of tasks that must be concluded between the enactment of the Bill and 2026 and is concerned that there are no timeline details beyond the two phases reflected. The NPC proposes that sufficient completion of Phase 1 tasks be completed as a pre-condition for progression to Phase 2.

The NPC is concerned with the exceedingly tight timelines.