

## NHI tax on hold for now

PRETORIA: A tax to fund government's National Health Insurance (NHI) will not be introduced in the short term, says deputy director of general public finance in the national treasury, Andrew Donaldson.

Speaking at the Hospital Association of South Africa's conference held in Cape Town this week, Donaldson said the constrained fiscus made it difficult to raise additional taxes at this stage.

He said discussion papers would be released early next year before financing arrangements for healthcare would be changed.

"Minister of Finance Pravin Gordhan had raised several options for increasing the funding required for NHI but no decision had been taken on specific funding arrangements.

"There will be continued provision for the revitalisation of hospitals, with major rebuilding projects, such as Chris Hani Baragwanath, requiring additional private sector involvement and development financing," Donaldson said.

He said that increasing expenditure on public healthcare from 4% to 6.2% of Gross Domestic Product, as estimated in the Green Paper on NHI, would place a substantial strain on the country's public finances.

He also highlighted that significant constraints in terms of institutional and human resources supplies, such as a shortage of doctors and nurses in the public sector, will limit the amount that can be spent on NHI.

"A great deal of work also needs to be done to address bureaucratic barriers to service delivery," he said, pointing out inadequate costing systems and unresponsive procurement systems as major challenges in the public sector.

Merging public and private procurement arrangements will be an important part of healthcare reforms. The integration of supply chain management between public and private sectors could help lower costs and bring modern logistics into the delivery of healthcare in the public sector, said Donaldson.

Public and private hospitals would be placed on a level playing field under NHI, and this required institutional change, including putting both public and private hospitals on a common tax footing, recognising private hospital's investment requirements in infrastructure and creating a common set of rules governing the employment of professional staff.

"Difficult questions around NHI included what exactly it should finance; who should be covered and on what terms; what role out-of-pocket payments should play and importantly, the financing of the considerable hospital and clinic infrastructure required?"

"Much of the success of the UK's National Health Service financing arrangements depended on the balance between private and public support for investment, but difficult choices needed to be made about what to keep and what not to keep in the system ... We need to sweat our health assets more effectively."

Donaldson said there was much scope for Public Private Partnerships, especially in the construction, maintenance and equipping of facilities.

"But the complexity, cost and lengthy timelines need to be addressed, with revised contract terms of between 20 and 30 years."

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