

Dear Kevin

I am reaching out following President Cyril Ramaphosa signing the National Health Insurance (NHI) Bill into law on Wednesday 15 May 2024. Though the NHI Bill is now an Act, there remains considerable debate and controversy on this front. I am writing to provide clarity and reassurance.

Upfront it is important to state that we unequivocally support universal health coverage and believe that a workable NHI is central to achieving this. However, in its current form, the NHI Act is not feasible as it rules out private sector collaboration. We remain strongly of this view and will continue to fight for an NHI that is viable and to the benefit of all South Africans.

At this stage, what do these developments mean for you?

Your medical scheme cover and benefits will not be affected for a long time to come

The central issue for medical scheme members like you is how the NHI affects you, your healthcare benefits and your access to healthcare. We have been asked questions such as “Does this mean the end of private healthcare?” and “When will my medical aid benefits cease to exist?”

In summary, people are concerned about the continuity of their cover in its current form. We understand this concern. It is based on a component of the Act - Section 33 - which is problematic. Section 33 states that once NHI is ‘fully implemented’ medical schemes will be able to cover only those services that are not covered by NHI. This implies that medical scheme cover will be replaced by the NHI at that point in time.

While this appears threatening, practically it isn’t. This, for two reasons.

First, the impact of Section 33 is that only once the NHI is ‘fully implemented’ will medical schemes be limited in the cover they provide to medical scheme members. Until this point, there will be no change to your medical scheme cover. We believe it will take a long time – a decade at least – to achieve ‘full implementation’ given the scale and complexity of reforms needed. Bear in mind the NHI is an inordinately large and complex initiative that proposes extraordinary change and restructure to public and private healthcare systems. This is unprecedented and will be incredibly difficult to achieve.

Second, even when the NHI is ‘fully implemented’, medical schemes will still be able to provide cover for benefits not covered by the NHI. This is important because the NHI is unlikely to have sufficient funding to provide an extensive package of benefits. This is because our country unfortunately faces significant financial constraints linked to low economic growth and a very narrow tax base. Medical schemes will therefore still play a significant role post full implementation of the NHI.

The Act will be legally challenged – we need a workable NHI

Having said all of the above, the Act remains problematic. The NHI will only be workable if it provides universal access to care for all South Africans, while not restricting the rights of medical scheme members. As stated above, to achieve this requires collaboration between the public and private healthcare sectors, which the Act fails to facilitate on a sustainable basis.

To achieve sustainability, we need more sources of funding for healthcare, not less. We need more doctors and healthcare professionals and resources, not less. Importantly, a workable

NHI requires the public sector to be strengthened, not the private sector to be weakened. We need both to be strong and working together effectively.

In addition, we need to ensure that our country's healthcare systems – our doctors, our nurses, our hospitals and others – are secure and sustainable. South Africa has brilliant and committed healthcare professionals. We need to grow their numbers and for them to feel secure in their roles and futures.

In light of these issues and other concerns, the Act is likely to trigger a range of legal challenges. Discovery will also take the necessary action as required.

#### Conclusion

We understand that President Ramaphosa's signing of the NHI Act has caused anxiety. However, with full implementation a long way out and many matters still to be navigated, I urge you to focus on the facts. Rest assured that we will do the right thing for you, the healthcare system and for all South Africans.

Sincerely,

Adrian Gore

Group Chief Executive

Discovery