

Is health a priority?

Questioning South Africa's healthcare and health insurance



Does South Africa need a National Health Insurance (NHI)? And are the reasons for moving ahead with it the right ones?

These were two of the key questions put forward by health economist Alex van den Heever of the University of Witwatersrand at the recent Insurance Sector Education and Training Authority (Inseta) Compliance event, which brought together key industry players in Johannesburg, KwaZulu-Natal and Cape Town for discussions on pressing issues such as the NHI, the Financial Advisory and Intermediary Services (FAIS) regulatory exams, and Micro-insurance Discussion Paper, which will affect skills development planning in the insurance sector.

The government is considering the introduction of an NHI, but there is no consensus regarding the model and funding of the scheme; implementing this initiative would require substantial reforms that are still some way off.

Van den Heever raised questions on whether the NHI was being considered for the right reasons, and if the right research is being used in the right way.

He said the NHI document cited national health insurance figures in countries that have no NHI. Japan, Taiwan, Chile, Thailand and South Korea were cited as NHI countries where there have been economic and social benefits. However, only Taiwan and South Korea have implemented NHI.

He added that while certain information in the document was accurate, other points were questionable on closer inspection.

For example, Van den Heever said, the document stated that "57% of health spending

flowed via private health insurance contributions (44%) and out-of-pocket spending (13%). If the poor did not have to spend this 13% on out-of-pocket expenditure, they would either save it or spend it on other goods and services."

He pointed out that "most out-of-pocket spending in South Africa is by medical scheme members and not the poor, as the public sector provides free services."

Van den Heever said that in order to integrate an improved healthcare system in South Africa, we would need to examine more carefully the current situation. In previous years, reforms had been proposed which, in his opinion, were far more viable options for South Africa, but had not been taken past the stage of consideration.

"We need to ask the question: 'What's wrong?', and ensure treatment fits the diagnosis," he said.

Adding her comments at the recent Inseta Cape Town event, which served as a FAIS compliance indaba, Sharon Snell, chief operating officer of the Seta, said that the debate raised by the speakers' points was lively and that it was positive to see the insurance industry grappling with key issues in an open way.

In a continued move to ensure those involved in the financial advice and intermediary services are fully informed and ethical in their undertakings, the event reaffirmed the importance of the FAIS regulatory exams, and identified some of the difficulties faced by those studying toward the exams and how best to overcome these.

The Level 1 exam, compulsory for anyone who provides financial advice and intermediary services, tests regulatory compliance and needs to be passed by 31 December 2011. The Level 2 exam focuses on specific financial products and needs to be passed by 31 December 2013.

Some of those required to pass the exams have advised that the deadline imposed for passing of the exams is too short, and that the questions asked in the exams themselves are overcomplicated.

"The FAIS Act falls under financial law, and while in some instances this may be the case, there is no reason that this should impede passing the exams; it just requires the proper application on every student's part," said speaker Daleen Millard, associate professor at the University of Johannesburg and co-author of *The FAIS Act Explained*.

Paull Lawrence, representing Moonstone Intellectual Capital, impressed upon the assembled audience that the study material, as well as access to the exam venues themselves, were organised for maximum convenience and ease of accessibility.

Moonstone is an officially recognised body and empowered by the Financial Services Board to handle both Category I and II licence applications.

"Multiple venues, as well as different methods of writing the exam, including an electronic exam option, have been put in place to help ensure that all those required are able to complete the exams to the best of their abilities," explained Lawrence.

Snell said that the Inseta Compliance Breakfasts have been extremely well attended and provided a platform for industry to engage in constructive dialogue on key legislative changes affecting the insurance industry. The Seta was able to receive early signals on potential skills needs facing the insurance industry.

John Scharges