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Financing the National Health Insurance Scheme of South Africa: Opportunities and Challenges

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ABSTRACT The National Health Insurance scheme policy in South Africa is fraught with many challenges which threaten its feasibility. This paper evaluates one of the most controversial aspects pertaining to the National Health Insurance scheme which is the financing aspect of the scheme. The paper determines whether the increase of Value Added Tax (VAT) is the safest route to finance National Health Insurance (NHI) and what impact the VAT route would have on the economy and South African citizens. The paper evaluates the different methods which finances most social security schemes in South Africa. A comparative study is also made of countries which have already implemented the NHI and have determined which method of finance is most efficient to be implemented in that country from which South Africa can draw lessons from. It is however argued that finance methods from foreign jurisprudence would not be sustainable in South Africa because countries differ tremendously in terms of their history and economy. It is argued in this paper that while South Africa has successfully hosted the FIFA 2010 World Cup by building stadia and improving other spotting infrastructure, one may be under the impression that the country has enough resources to implement and finance the NHI. It is further argued that the FIFA World Cup Stadium was a once off project to build infrastructure, the NHI on the other hand must be sustainable for years to come. It is however submitted that there are many challenges that are threatening the success of financing the NHI, once these challenges are adequately addressed; NHI would be as successful as intended.