

NHI monthly cost: Are you prepared to foot the bill?

 By [Katja Hamilton](#)

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Investigations regarding the affordability of the National Health Insurance (NHI) reveal that each formally employed South African would be required to contribute R1,500 per month via a payroll tax to fulfill the Department of Health's funding projections.



Source: [Pexels](#)

Alternatively, there would be a considerable need for a 22% increase in VAT or a greater than 30% rise in income tax to compensate for the deficit.

This is according to a [report](#) by FTI Consulting which examines the different ways money can be raised to start the universal healthcare plan.

The report cautions, however, that even with the additional tax collected, these funds may not be sufficient to cover the entire cost of the NHI [estimated at](#) R600bn a year.

During a December 2022 presentation, the Department of Health [stated a requirement](#) for an extra R200bn annually to fund the NHI, but this is considered a conservative estimate, with more recent [findings](#) by the Solidarity Research Institute showing a prerequisite of R295.93bn.

Household financial strain deepens

If given the green light, a mandate of R1,500 a month to foot the NHI's funding requirements does not bode well for consumers as [the findings](#) of the most recent Altron FinTech Household Resilience Index (AFHRI) show that South African households continue to face significant financial strain, largely attributed to the restrictive monetary policy enforced by the South African Reserve Bank (Sarb).

The indicator reveals the ratio between household disposable income and household debt costs is performing the poorest, while load shedding, and the rising cost of food and fuel look to continue to hit hard in 2024.

It's not surprising therefore that all eyes will be directed towards the National Treasury this week, with the upcoming Budget Speech. South Africans will be wanting to look out for any signs regarding NHI funding proposals in the near future. Furthermore, the big question is: will the Finance Minister sign in the Money Bill?

The Money Bill will sit alongside the NHI Bill, and will outline the government's plans for collecting revenue (taxes and other income) and allocating funds for the NHI.

This may involve changes in taxation, and the allocation of funds from various government departments to ensure that there is enough money to support it.

Already, the Department of Health has [confirmed](#) that medical aid tax credits will be cut in South Africa to fund the National Health Insurance (NHI) – but now it's a question of 'when'.

The National Council of Provinces (NCOP) officially passed the NHI Bill on 6 December 2023, and is currently with the president waiting to be signed into law.

ABOUT KATJA HAMILTON

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