Media statement: Health Funders Association

The NHI Funding timeline: Uncertainty and the need for confirmation of a way forward

The Minister and DG recently filed affidavits in the NHI-related litigation purporting to set out a 10-15-year timeline for the full implementation of the National Health Insurance (NHI) Act. It projects a budget of about R457 billion by year 15 and says that medical tax credits will be phased out and diverted into the NHI Fund. Section 57 of the NHI Act, however, "*hard-wires*" Phase 1 (2023–2026) and Phase 2 (2026–2028) with what the Department has referred to in litigation as "*immutable temporal markers*", for the implementation of the Act. Government has described implementation as "*gradual*," but the Act's strict timelines remain operative and binding.

This timeline, together with recent parliamentary briefings, provides some further insight into government's thinking. However, it also exposes contradictions and raises fundamental questions about sequencing, affordability and feasibility.

Immediate risks and the removal of tax credits

Although the stated timeline in the NHI-related litigation claims that NHI will be implemented over a decade or more, the version recently presented to Parliament on 28 October 2025 by Dr Nicholas Crisp suggests that medical scheme tax credits may be phased out from as early as 2026/27. The State's current stance in litigation is that, during the stay period, only high-income earners will lose their tax credits, but the Department's messaging is inconsistent. The credits are significant, and reduce the tax bill for a family of four by around R1,220 per month. This is critical for the vast majority - 83% - of medical scheme members who earn less than R37,500 a month, and for 44% who earn less than R16,500. For the affected households, losing the tax credit would substantially cut disposable income, often making cover unaffordable. Removing relief, while extensive NHI functions are being established, risks significant membership drop-offs, an actuarial death spiral for medical schemes, and increased pressure on the public sector.

Conflicting statements amplify uncertainty.

Just weeks ago, the Minister of Health assured the High Court that there was no intention, in the short or medium term, to remove the tax credits of low- and middle-income taxpayers. Subsequent oral submissions to Parliament then shifted the threshold. At the same time, the R11 billion reflected in the funding forecast implies that many more people stand to lose their credits than Government is admitting. Such inconsistencies make it impossible for households, employers and medical schemes to plan with any confidence.

Focus on the vulnerable population

Government has said that the immediate focus of NHI will be on the "vulnerable." In South Africa, however, the ambit of vulnerable persons is vast. Because of high unemployment and inequality, many people fall into this category. Section 57(2)(a)(iv) identifies women, children, the elderly, people with disabilities and rural communities. On the State's own version, this encompasses approximately 70% of the population, and section 57(4)(g) also requires expansion to hospital, emergency and pathology services during Phase 1 without express limitation to these groups.

The Department of Health has indicated that the initial NHI package will be made available to older people, children, those with disabilities, people in rural areas and the unemployed – this constitutes around 70% of the population, or approximately 43 million people.

The R457 billion question

The State's funding requirements for NHI sets a target budget of about R457 billion in year 14 (in 2023 terms). To raise the requisite additional tax revenue would require steep increases in personal income taxes, which are unrealistic and impossible for South Africa's already narrow tax base of 7.4 million taxpayers. These increases carry serious risks to the whole economy.

For a project of this scale, citizens need to be able to trust the numbers and the facts. The NHI Act is unworkable and unfeasible, and the Health Funders Association calls on the National Treasury to clarify its position, given the severe harms the plan imposes on medical schemes, business confidence and ordinary households.

Towards a more workable model

The Health Funders Association supports the goal of universal health coverage. Reform is urgently needed, but it must be realistic, inclusive and fiscally sustainable.

There are alternate pathways to universal coverage through phased reforms and collaborative models for expanding access to healthcare.

Reform of the healthcare sector must start now. The HFA remains committed to working with government and social partners to deliver a health system that works for all 63 million people in South Africa. In doing so, public communications must be consistent, coherent and accurate.

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About the Health Funders Association (HFA)

Established in 2015, the Health Funders Association (HFA) is a non-profit organisation representing key stakeholders in South Africa's private healthcare funding sector. Formed by a collective of industry professionals, HFA advocates for a sustainable, vibrant health funding industry within an equitable healthcare system.

HFA represents 20 medical schemes and 3 administrators, collectively covering 46% of the private healthcare market—equivalent to approximately 4.1 million beneficiaries. The organisation plays a critical role in engaging policymakers, shaping public discourse, and guiding regulatory reform in the healthcare funding space.

Through ongoing advocacy, legal submissions, and expert engagement, HFA supports a resilient and well-informed funding sector. It also ensures that its members are represented in key industry discussions and remain equipped to navigate a rapidly evolving healthcare environment.