

State of the South African economy and your health

By [Kevin Aron](#), issued by [Stone](#)

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South Africa is said to have some of the most expensive medical aid in the world. According to the [World Health Organization](#), South Africa spends more on voluntary private health insurance (42%) as a share of total health expenditure than any other country. It serves, however, only 16% of the population. With inflation and unemployment on the rise - and now the confirmed greylisting status and looming recession - that number is likely to shrink even further.



Sadly, this could mean that even more people will be left without medical aid coverage. The situation is forcing patients to seek care from the already inundated state hospitals, which are doing their best to serve incredibly high numbers of patients with minimal resources. Many are now asking, will South Africans be able to afford medical aid in a shrinking economy heading for recession?

What does greylisting of the SA economy mean for consumers?

[Greylisting](#) is the temporary country listing by the global Financial Action Task Force (FATF). A country on the grey list has been recognised as having compliance issues but has committed to addressing strategic inadequacies to counter money laundering and terrorist financing within a given timeframe. During this time, the FATF closely monitors the country, imposing stringent regulations on them.

Serious potential problems follow this listing, including a lack of trade opportunities, a downgrade of ratings, and a subsequent shrinking economy. Greylisting will most likely damage the country's reputation

making it extremely difficult to do business with other countries. This reduction in foreign investment and access to financial markets can have a ripple effect on the economy and the affordability of goods and services, including healthcare and medical aid.

“ We should all work together to prioritise healthcare access during economic hardship to ensure everyone can access necessary medical care. ”

During a greylisting, healthcare providers may face increased costs due to restrictions on foreign investment, which could also lead to higher patient prices. In turn, this might affect the sustainability of a medical scheme, or the costs could eventually be passed onto medical aid members through higher premiums or reduced coverage. The affordability of medical aid during and after greylisting and, ultimately, a recession will depend on the severity and duration of the economic downturn and the individual's financial situation. Many people will likely experience financial hardship and struggle to make ends meet.

The real impact on medical aid members

It is vital for members to monitor the situation and be prepared for potential changes in the cost and availability of healthcare. Make sure your medical scheme has a higher-than-average solvency rate, as Medshield does, to ensure your healthcare claims are covered during such challenging times. In addition, knowing the available medical aid benefit options that fit one's pocket is another important way to manage these difficulties and remain covered. Medshield's MediSwift

hospital plan, as an example of an affordable benefit option, offers ample hospitalisation cover in case of emergencies, but also provides for active and generally healthy people who might require treatment but whose injuries are not severe enough for a hospital admission. It includes physiotherapy and biokinetics benefits, with two family practitioner visits annually. The MediSwift plan also features an annual Medshield Wellness benefit that provides for the Covid vaccine, flu vaccine and birth control, and tests for cholesterol, blood pressure, glucose and BMI, amongst others.

Individuals must carefully assess their financial situation and healthcare needs before deciding whether to maintain or change their medical aid coverage. You can reduce your day-to-day spending using the Designated Service Provider recommended by your medical scheme. These are providers who have an agreement with the scheme on how much they will charge. You are then unlikely to land a bill from the specialist that charges more than your medical scheme rate. The bottom line is that it is the smart choice if you can afford a basic hospital plan. In addition to access to a private hospital, you will receive cover for 271 life-threatening conditions and 26 chronic illnesses and many preventative care benefits.

Making healthcare affordability recession-proof

While some economists believe healthcare is recession-proof, the data is mixed and complex. The actual relationship between healthcare and economic recession is not clear. What is clear is that, in general, South Africans struggle during a recession and often decide to forego medical treatment that they need due to financial constraints. But it doesn't only rest on the individual to ensure affordability.

In response to a recession, governments and other organisations should increase their support for citizens by expanding the public healthcare system or offering subsidies. Charitable organisations and community groups may also increase their efforts to care for those in need. We should all work together to prioritise healthcare access during economic hardship to ensure everyone can access necessary medical care. Yes, greylisting and a looming recession are our current reality, but we can continue enjoying medical aid benefits with closer management.

ABOUT THE AUTHOR

Kevin Aron is principal officer at Medshield Medical Scheme.

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