

**Content:**

Food for Thought
View on Government
Financial View
View on Pharmaceuticals

Special News
View on Medical Schemes
General News
Special Notices

Food for Thought

'Healthcare Bill will cost South Africa an arm, a leg and some doctors'



"Exactly three months after Health Minister Aaron Motsoaledi released the National Health Insurance (NHI) Bill, a new report, by the Institute for Race Relations (IRR), argues that while NHI is aimed at ensuring decent healthcare for all, it is unlikely to make a difference in reality," wrote Sipokazi Fokazi in *Times Select*, 19 September.

In the report, based on more than 100 media reports in the past year, mainly about negligence, corruption and mismanagement - authors Maria Roodt and Malies Fleming said such incidents proved healthcare was in crisis. While the NHI White Paper estimated the cost of the scheme at R256-billion, the IRR reported this amount was unconvincing and likely to double. Moreover, the more it costs, the more it will have to be raised.

Roodt and Fleming said the burden will be particularly heavy on some 600 000 individual taxpayers, who currently pay more than 60% of all personal income tax collected.

Implementation of NHI was also likely to trigger an exodus of health professionals, which will increase already heavy burden on those who remain in the country.

- Popo Maja, spokesperson for the Department of Health, rubbished the report, saying the institute that produced it was "anti-NHI and anti-poor".

[READ MORE IN THE ATTACHMENT](#)

View on Government**CMS wants single medical scheme for public servants**

In a recently released discussion document the Council for Medical Schemes (CMS) proposes the consolidation of all medical schemes for public servants into the Government Employees' Medical Scheme (GEMS) in line with government policy on NHI.

The proposal is likely to run into opposition from industry players and public servants alike. Unions workers are likely to resist moves they see as a threat to their current benefits. State sector schemes make up about 30.3% of the industry and include Polmed for the police and Permed for MPs and judges. The council identified 10 schemes that could amalgamate with GEMS, including those of the semi-autonomous tax service, Sars, and the state. It said that consolidating public sector medical schemes with GEMS offered potential savings, and a larger scheme would have more negotiating power with healthcare providers.

*Acting Council registrar Siphiwe Kabane said consolidating medical schemes would improve their sustainability and was an important step towards realising the government's universal healthcare goal of having a single payer for all services.

*Healthcare specialist, Prof. Alex van den Heever, panned the council's latest proposals, saying they were at odds with the Health Market Inquiry's interim findings, published in July.

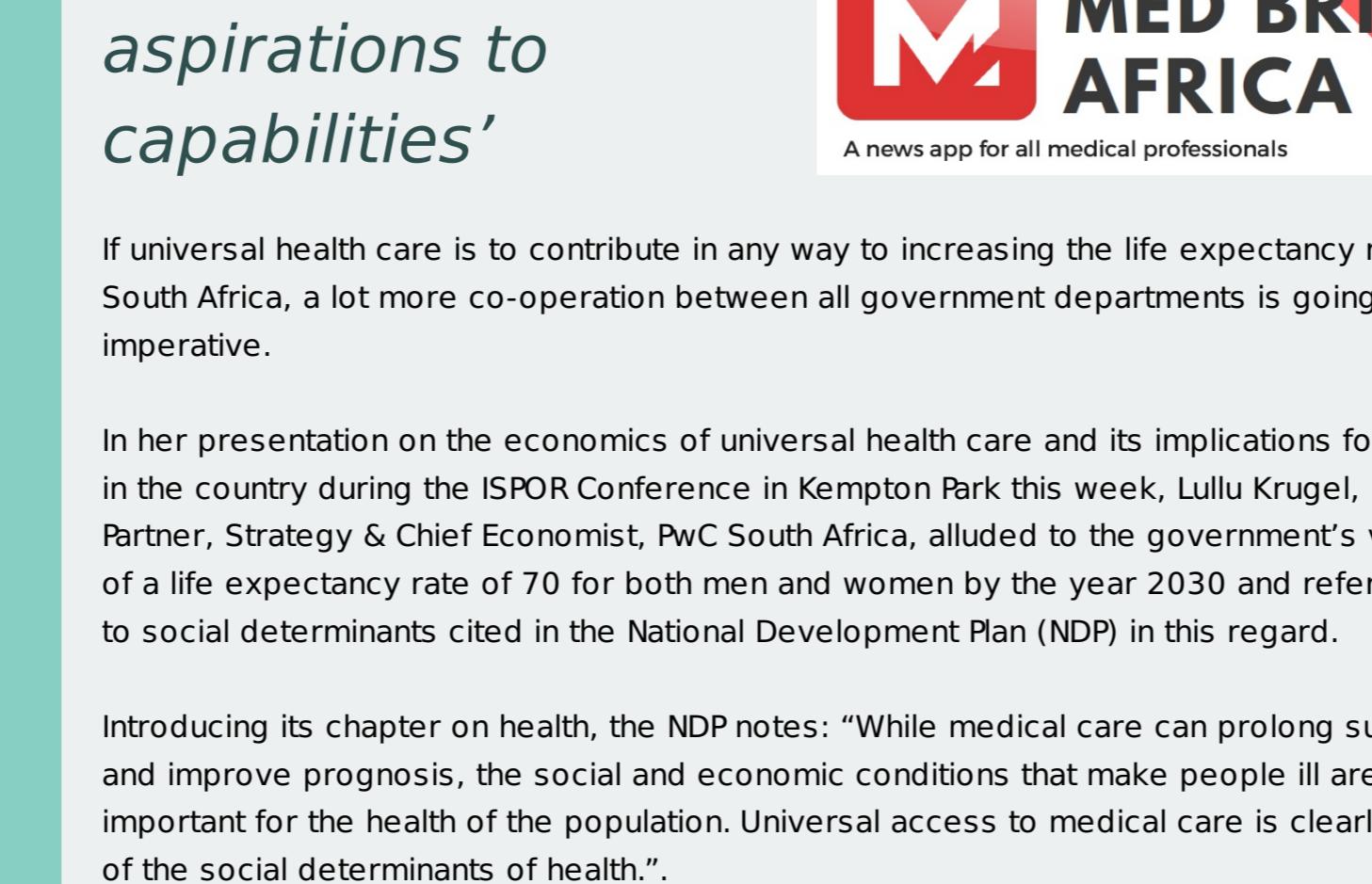
*The Public Servants Association (PSA) said it had "serious reservations" about the plan. The PSA's 242 000 members make up about a fifth of the public service. PSA spokesman Tahir Maepa said the PSA had received numerous complaints about GEMS.

Healthcare market report delayed

The Competition Commission's long-running Health Market Inquiry announced another delay in the release of its final report, saying it wants to give stakeholders more time to comment on its provisional findings published in July.

The deadline for the publication of its long-awaited report has been pushed out by two months, to November 30.

The inquiry began in January 2014 and set out to investigate the barriers to effective competition in the private healthcare market and why annual healthcare inflation consistently outstrips consumer price inflation by several percentage points.

Financial View**AfroCentric**

HEALTH

Healthy increased profits for JSE-listed AfroCentric

AfroCentric, the black-owned JSE-listed investment holding company providing specialised services to the public and private healthcare sectors, reported increased profit before tax of 46.9%, R538.4-million up from R366.7 in the same period last year.

The group saw earnings per share increase by 118% to 11.4 cents per share, up by 110%. Profit after tax increased by 74.9%. AfroCentric's principal subsidiary is Medscheme, with 3.7-million lives presently under management.

AfroCentric said it was creating a platform to establish a value chain of healthcare diagnosis, treatments, pharmaceutical and medical services, to optimise the purchasing power of the healthcare rand.

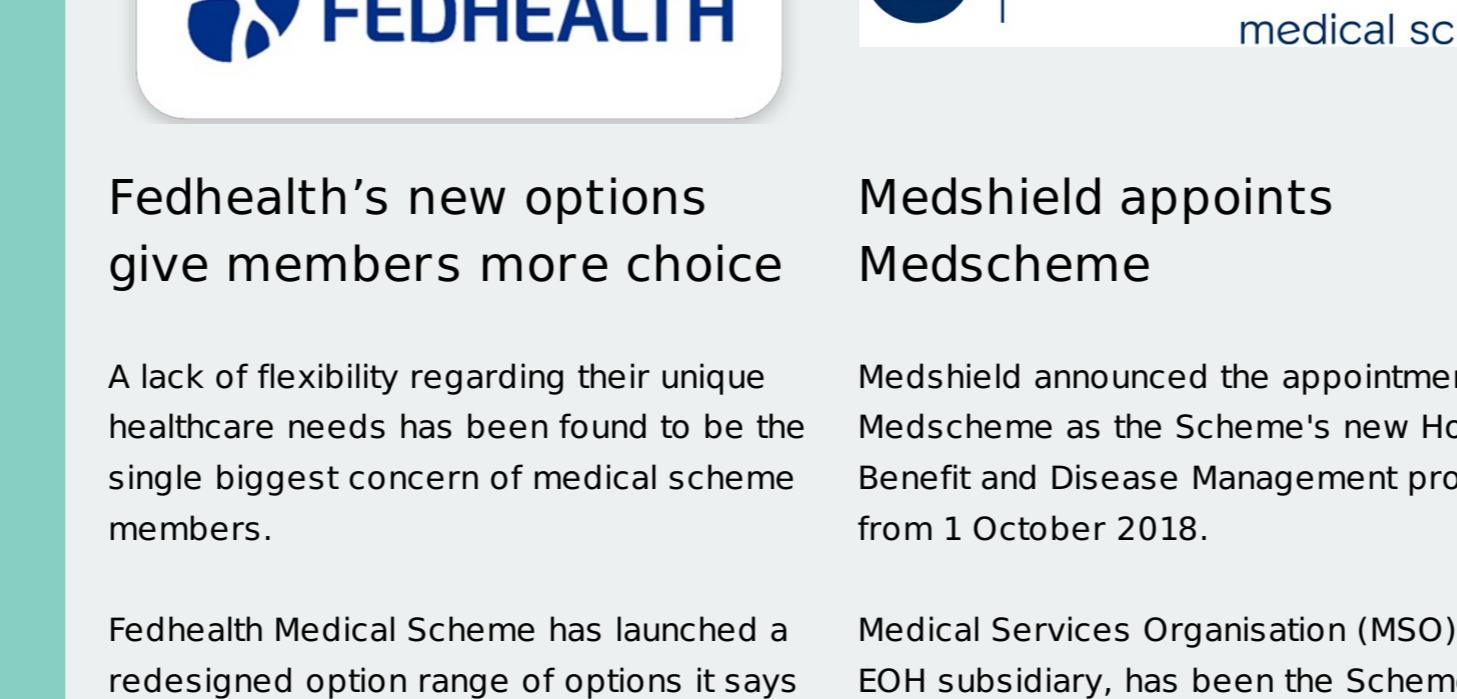
Aspen sinks on sale of baby milk business

Africa's biggest drug manufacturer, Aspen Pharmacare, shed R18.5-billion of its value.

This followed the dim view the market took of the \$860-million it got from French dairy giant Lactalis for the sale of its infant milk business, falling short of the \$1-billion-\$1.5-billion the market was expecting.

On 13 September, Aspen's share price fell 8.8% before intraday knock in two days, plunging 26% lower to R232.06.

In the five years leading up to the peak in Aspen's share price in January 2015, the stock had gained more than 600%. Since its peak, the company's shares have slumped more than 57%.

**US insurer to sell only Vitality cover**

One of the US oldest insurers, John Hancock Financial, has announced that it will sell only interactive life insurance linked to fiblit annuities that are provided by Vitality.

This will provide a significant platform for Vitality as John Hancock has about 10-million customers.

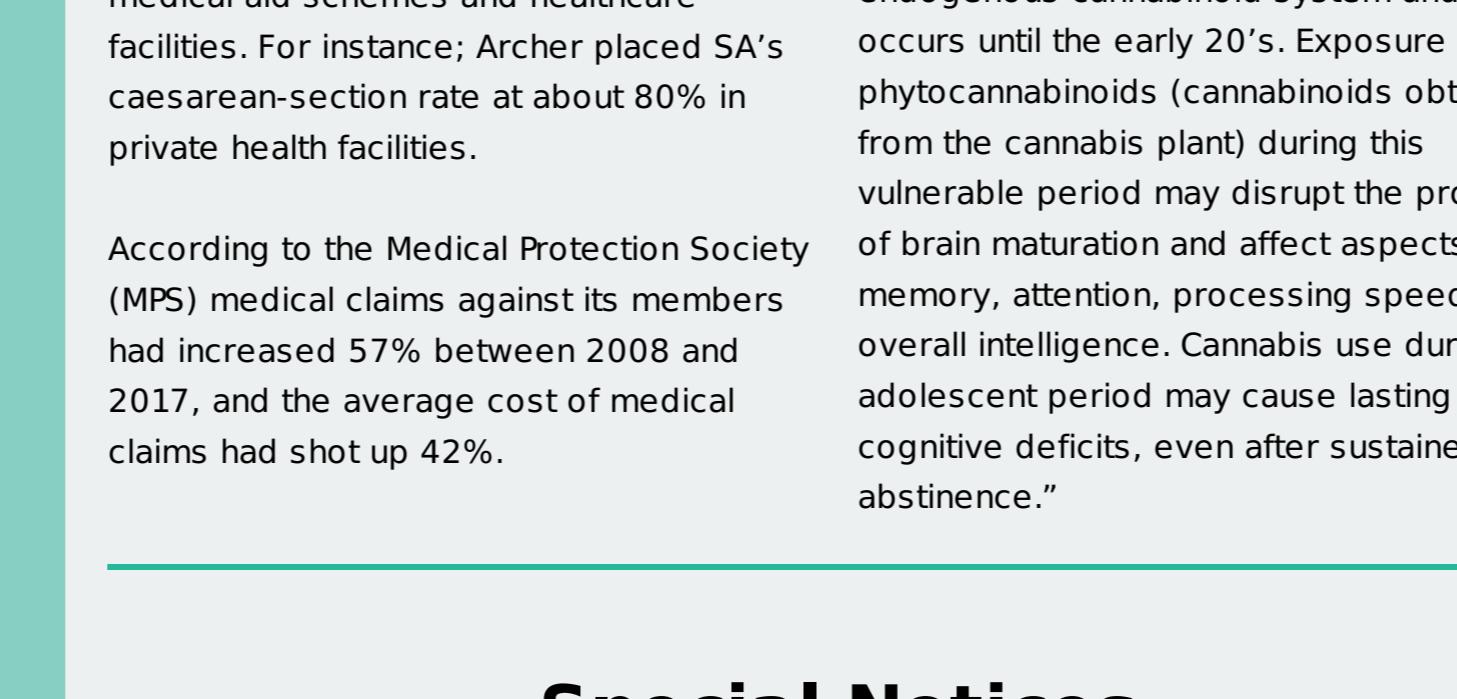
Ascendis said it was creating a platform to establish a value chain of healthcare diagnosis, treatments, pharmaceutical and medical services, to optimise the purchasing power of the healthcare rand.

Mediclinic Parkway opens in Dubai

Mediclinic Parkview Hospital, a brand new 182-bed in- and outpatient facility, has opened in Dubai six months ahead of the original schedule. The project, which involved a greenfield construction project by value ever undertaken by Mediclinic International, Mediclinic Middle East's South Africa-based parent company which is listed on the London Stock Exchange.

Private hospital group Life Healthcare is exiting its Indian business after almost a year's talks. It will sell its stake in Max Healthcare to global insurer Axa.

Konthen Kravis Roberts (KKR) for about R4.3-billion. Life Healthcare took a 26% stake in Max Healthcare, one of India's biggest private hospital chains, in 2012.

**Ascendis Health posts strong international growth**

Ascendis Health will focus on its pharmaceutical and consumer healthcare offerings, and move to disinvest from its biosciences business. The company announced a 35% increase in international revenue for the year ended June 30, 2018. It had sold Ascendis Sports Nutrition for R40-million, while an agreement had been reached for the sale of Ascendis Direct for R40-million.

The group announced it would also be adopting a global operating model, as opposed to having the current geographic structures focusing on SA and Europe.

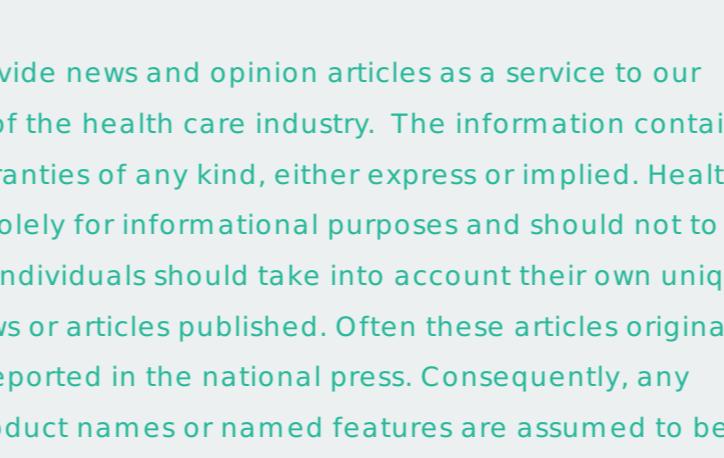
Novartis to cut jobs in Switzerland and UK

Novartis will cut 2 550 jobs in Switzerland and Britain over four years, as the Swiss drug maker strives to boost profit and focus on new medicines.

Novartis employs about 124 000 people worldwide.

But following the planned spin-off of eye care unit Alcon in early 2019 that would fall to fewer than 100 000 people by 2022.

Novartis's network of 66 global factories is operating below capacity after the expiry of patents on high-volume pills.

Pharmaceutical View**'Miracle' sensor takes prick out of diabetes**

Previously, diabetics had to prick their fingers eight times a day to check their sugar levels. However, due to new technology they can now wear sensors on their abdomen that measure their sugar levels 24 hours a day and warn them before their blood sugar gets dangerously high or too low.

This means they don't have to prick their fingers, avoiding both pain and the real risk of infection, said Professor David Segal from the Johannesburg Centre for Diabetes and Endocrinology.

- In Israel and Europe, a device called GlucoTrack is used by type 2 diabetics to measure blood sugar a few times a day through a sensor attached to their ear.

Special News**NHI: 'no matching of aspirations to capabilities'**

If universal health care is to contribute in any way to increasing the life expectancy rate in South Africa, a lot more co-operation between all government departments is going to be imperative.

In her presentation on the economics of universal health care and its implications for the country during the ISOP Conference in Kempton Park this week, Lulu Krugel, Partner, Strategy & Chief Economist, PwC South Africa, alluded to the government's vision of a life expectancy rate of 70 for both men and women by the year 2030 and references to social determinants cited in the National Development Plan (NDP) in this regard.

Introducing its chapter on health, the NDP notes: "While medical care can prolong survival and improve prognosis, the social and economic conditions that make people ill are important for the health of the population. Universal access to medical care is clearly one of the social determinants of health".

[Read More](#)

View on Medical Schemes**Medscheme warns regarding ICD10 code**

In a newsletter, released on 27 September, Medscheme asks all healthcare providers to ensure the sustainability of the private healthcare industry by ensuring the accuracy and integrity of coding used on their claims.

Questionable behaviour that has been identified include the following:

- Advising the healthcare provider to inappropriately change the ICD10 code (necessarily changing the main diagnosis) in order to get reimbursed at a higher rate;
- Charging the tariff already charged and paid for when resubmitting with a change for PMB entitlement;
- Financially incentivising employees of the Agency to maximise billing by 'padding' the claims with unnecessary codes, or resubmitting paid claims with PMB motivation unnecessarily;
- Promising healthcare practitioners increased revenue, irrespective of the status of their current billing practices; and
- Refusing to cooperate with forensic claims audits and not taking accountability when one of their clients is sanctioned for irregular billing.

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Medshield appoints Medscheme

Medshield announced the appointment of Medscheme as the Scheme's new Hospital Benefit and Disease Management provider from 1 October 2018.

Medical Services Organisation (MSO), an EOH subsidiary, has been the Scheme's Hospital Benefit and Disease Management provider for the past nine years and has been replaced by Medscheme, due to changes in the EOH business strategy.

Life Healthcare exits India

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