

Health getting regulated by stealth

TALK about copycat behaviour. The Competition Commission doesn't take second place in these stakes to anyone. On December 30 BUSINESS DAY revealed that the commission was considering a market inquiry into the private healthcare industry. This came after the Financial Times of London reported on December 8 that the UK'S competition commission had launched a full inquiry into the £5bn private healthcare sector "after the Office of Fair Trading found evidence the market was not working well for consumers". That's where the similarity ends because the thrust in SA will be along the same lines as that pathetic investigation into the banking industry. We all remember how that turned out, with acres of redacted text and harmless suggestions about methods of lowering the cost of banking. The sinister part this time around is that the commission is doing the government's bidding - or that's certainly how it appears. It looks as though the commission is playing a role to, first, impose regulation on the private healthcare system and, second, prepare the way for the integration of private hospitals into the National Health Insurance (NHI) scheme when that gets off the ground (if it ever does). Health Minister Aaron Motsoaledi is outraged by "uncontrolled commercialism" and "destructive, unsustainable practices" in the private sector. So it is informative to examine the engines of his anger. First, the same Competition Commission carries much of the blame for the genuinely scary escalation in charges levied by private general practitioners. How did this come about? One reason lies in the commission banning collective bargaining by medical schemes with hospitals in 2002. Doctors and those providing allied services were free to set their own charges. Medical aids might apply their own rates which, if they are lower than those set by the general practitioner or the hospital, means patients have to fund the deficit. That deficit has become steadily larger. Second is the plight in which state hospitals now find themselves. It is simply unacceptable. The stories that come out of them are terrifying - dirty, smelly, with insufficient or inadequate medicines, staffers who don't care, long queues ... the list is endless. Some will remember the tales of extraordinarily high baby mortality that came of the state hospital in East London and how those who exposed this disgrace were summarily dealt with. Logic requires that the first stage in any movement to an NHI must be to repair the damage done to the state hospitals. Only when that is remedied will it be possible to contemplate any further movement. The problem is that the public healthcare sector has failed, and failed comprehensively. The private healthcare sector is recognised internationally as being good (but costly). The state wants to integrate the public and private sectors. To do that it will have to contract with the private sector and its problem will be to pay what the private sector asks. This is probably why it is moving towards some form of price regulation - just as it did with the pharmaceutical sector, and look at the mess it made of that. Never will the injunction to stay healthy be more apposite.

David Gleason: The Bottom Line: Business Day, 1 February 2012