

### ***Private hospitals highlight danger of job losses***

PRIVATE hospital groups will remain a catalyst for job creation in South Africa's healthcare sector as the country moves towards the National Health Insurance (NHI) system, according to health economists. A study, commissioned by the Hospital Association of SA (Hasa) and undertaken by independent economic research groups Econex and Quantec Research, sought to quantify the economic contribution of Hasa members, which provide over 85 percent of South Africa's private hospital capacity. It showed that the hospital groups directly and indirectly supported an estimated 218 000 jobs in 2010, contributing R52.2 billion, or 2.2 percent, to gross domestic product. Private hospitals employed 64 000 workers on a full-time equivalent basis in 2010, of whom about 55 000 were employed on a permanent basis. Hasa indicated that, while total employment contracted by 5.8 percent during the recent recession between 2008 and 2010, the number of permanent employees at Hasa hospitals increased by 4.4 percent. Currently, Hasa members operate 209 private hospitals with 27 789 beds, or more than 85 percent of the industry total. Members include Life Healthcare, Netcare and Mediclinic. The hospitals' labour income was about R9.27bn and they contributed an estimated R5.8bn to the National Treasury in tax revenue. When the contributions of the hospitals' direct and indirect suppliers were considered, as well as the income effects through the economy, the total tax revenue generated, together with upstream and downstream partners, stood at 2.5 percent of the government's total tax haul during 2010. Mariné Erasmus, a senior economist at Econex, cautioned that with the introduction of the NHI, there was a risk that private hospitals would not be utilised fully if people could not afford to pay both their medical scheme contributions and NHI levies. She said the direct and indirect economic effect would improve if business increased in the private sector because it provided services to the NHI, and added that the sector should not be forgotten under the NHI because it would harm lots of jobs if the sector shrunk. Alex van den Heever, the chair of social security systems administration at the Wits University Graduate School of Public and Development Management, said Hasa did not commission this study because it felt the private healthcare sector's existence was threatened under the NHI, but rather to address negative impressions created about the sector. Turning to the impact of NHI on employment, the Department of Health said it would spend R1.24bn in the next three years on training new health professionals. Minister of Health Aaron Motsoaledi said 122 nursing colleges would be revitalised, a medical school would be built and two academic hospitals established as part of the NHI human resources strategy. Apart from this, the National Planning Commission's National Development Plan, published in November last year, envisaged that between 700 000 and 1.3 million community health workers would be recruited and deployed by the public sector to implement community-based healthcare programmes funded by the NHI by 2030. According to the Health Professions Council of SA (HPCSA), 150 509 qualified health practitioners were registered with the council in 2010. But Lize Nel, the communications officer at the HPCSA, said some practitioners were still registered with the council although they were practicing in other countries and had chosen to have dual registration. Van den Heever said the country could not compensate for inactive economic sectors by hiring more people into the few sectors that were active. He said the country's healthcare sector would continue to grow normally under the NHI but that it could not be a driver of economic growth.

**A copy of the study is available for download from:**

**[http://www.econex.co.za/images/stories/HASA%20multiplier%20study\\_Econex\\_FINAL.pdf](http://www.econex.co.za/images/stories/HASA%20multiplier%20study_Econex_FINAL.pdf)**

*Londiwe Buthelezi: Business Report, 19 January 2012*