

### *Medical schemes welcome planned probe into costs*

ALL but one of 20 medical schemes surveyed by PriceWaterhouseCoopers (PwC) welcome the Competition Commission's proposed investigation into private healthcare costs. Health Minister Aaron Motsoaledi has declared war on high healthcare costs and accused the private healthcare sector of engaging in "uncontrolled commercialism" and "destructive, unsustainable practices". Last year deputy commissioner Tembinkosi Bonakele said the competition was "likely" to start with an inquiry because of growing concern over the high cost of private healthcare and the effect this had on the public healthcare system. However, attempts to obtain comment from the commission were unsuccessful. The surveyed medical schemes cover half of the industry's principal members in SA. The study highlighted healthcare costs as the most pressing concern facing their businesses, with 57 percent saying the investigation by the commission "could be useful" and 38 percent claiming it was long overdue. Respondents said medical inflation, which was "higher than CPI (consumer price index)" made healthcare "unaffordable". Dr Motsoaledi has said he is intent on regulating private healthcare sector prices to contain costs and provide certainty to funders - including medical schemes and the state. The government believes the two-tiered healthcare system in SA is not sustainable. However, the majority of the respondents surveyed (60 percent) said SA's system was sustainable, although they acknowledged a deterioration in healthcare. But they said the National Health Insurance (NHI) would not necessarily resolve the current state of healthcare services. The NHI aims to provide universal access to quality healthcare, although critics have questioned the plan's affordability and the current state of public hospitals. The government has allocated R150m for the 2012/13 fiscal year, which is intended to improve district health facility management and hospital revenue collection, and raise the standard of patient care, in preparation for the NHI. But, the respondent said NHI alone was not the solution as working conditions needed to be improved, primary healthcare had to be revived and pharmaceutical distribution for state-owned facilities should be decentralised. Ilse French, PwC's medical scheme's leader for Southern Africa, cited regulations and "excessive interference by the Council for Medical Schemes" as the main challenges facing the industry. She said the medical schemes had said there was too much interference by the council. However, Boshoff Steenekamp, a strategist at the Council for Medical Schemes, said the cost of healthcare was a major issue in many countries in the world, and that not regulating was not an option. He said free markets did not work in healthcare - not anywhere in the world. Respondents were also concerned the NHI would worsen this "excessive" regulation. French said the NHI would make the industry more complex, and many schemes did not believe regulation would level the playing field.

*Sarah Wild, Tamar Kahn & Amanda Visser: Business Day, 4 July 2012*