

Price commission planned to cut private hospital fees

THE Department of Health is pressing ahead with plans to set up a commission to regulate private healthcare prices, with its sights set on private hospitals in SA, which it says charges higher rates than hospitals abroad. Private hospital fees are an important factor in the rising costs facing medical schemes, and the government will need to establish a reasonable rate for private hospital services if it is to contract with them under National Health Insurance. Dr Anban Pillay, a deputy director-general in the department, said the price commission should provide an interim solution to the problem of hospitals in SA charging higher prices than their international counterparts, relative to purchasing power parity. The department hopes to establish the commission to regulate prices by next year. Members of private medical aid schemes have had to deal with healthcare costs that have spiralled well above the inflation rate over the past two decades. Pillay said a study last year showed that under a regulated regime, hospitals tended to compete on quality of services. Within two years of the UK's 2006 health reforms, there had been "significant improvement in mortality and reductions in length of stay" without a change in expenditure, he said. South African Medical Association representative, Dr Marmol Stoltz, said the introduction of the managed healthcare industry in the 1990s had made private healthcare hospital-centric - as opposed to being centred on the general practitioner - and hospitals had become the biggest drivers of healthcare inflation. Average inflation in 2010 was 4.3 percent, but average medical aid scheme inflation was 11.3 percent in that year, and the average medical aid scheme member's contribution was R975.92 a month. In the year 2000, average inflation was 5.4 percent, medical scheme inflation was 7.5 percent, and the average monthly contribution was R343.45. In 1990, inflation was 14.2 percent, average medical prices rose 27.3 percent, but the monthly member's contribution was only R74.45, said Stoltz. She said healthcare costs were going through the roof; South African healthcare was evolving and private healthcare needed to be overhauled. She said patients were getting less for their contributions than ever before.

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